

EXHIBITS COMMON TO

SANTA MONICA MOUNTAINS
CONSERVANCY RESPONSE

AND

MOUNTAINS RECREATION AND
CONSERVATION AUTHORITY
RESPONSE

TO MANAGEMENT LETTER OF
MARCH 24, 2004

EXHIBIT 1

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY

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June 30, 2002

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Mountains Recreation and Conservation Authority
Los Angeles, California

We have audited the accompanying general purpose financial statements of the Mountains Recreation and Conservation Authority (Authority) as of and for the fiscal year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the management of the Mountains Recreation and Conservation Authority. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Authority does not maintain a complete record of its general fixed assets and, accordingly, a statement of general fixed assets, required by accounting principles generally accepted in the United States of America, is not included in the financial report.

In our opinion, except for the effect on the general purpose financial statements of the item discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Mountains Recreation and Conservation Authority, at June 30, 2002, and the results of its operations for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

MOSS, LEVY, & HARTZHEIM

Moss, Levy & Hartzheim

April 17, 2003

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUP
 June 30, 2002
 With Comparative Totals at June 30, 2001

	Governmental Fund Type	Account Group
	General Fund	General Long-Term Debt
ASSETS AND OTHER DEBITS		
Cash and investments	\$ 15,948,574	\$ -
Deposits	43,500	
Accounts receivable	7,256,610	
Interest receivable	83,969	
Notes receivable		
Amount to be provided for retirement of long-term debt		6,444,581
Total assets and other debits	<u>\$ 23,332,653</u>	<u>\$ 6,444,581</u>

See accompanying notes to financial statements

Totals (Memorandum Only)

<u>2002</u>	<u>2001</u>
\$ 15,948,574	\$ 21,219,387
43,500	
7,256,610	3,718,858
83,969	239,570
	40,000
<u>6,444,581</u>	<u>6,393,791</u>
<u>\$ 29,777,234</u>	<u>\$ 31,611,606</u>

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
 COMBINED BALANCE SHEET (Continued)
 ALL FUND TYPES AND ACCOUNT GROUP
 June 30, 2002
 With Comparative Totals at June 30, 2001

	Governmental Fund Type	Account Group General Long-Term Debt
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 596,946	\$ -
Accrued expenses	269,969	
Deposits	3,900	
Deferred revenue	5,427,481	
Compensated absences		203,397
Judgment payable		6,241,184
Total liabilities	<u>6,298,296</u>	<u>6,444,581</u>
Fund Balance:		
Reserved:		
Reserve for long-term receivables		
Unreserved:		
Undesignated	<u>17,034,357</u>	
Total fund balance	<u>17,034,357</u>	
Total liabilities and fund balance	<u>\$ 23,332,653</u>	<u>\$ 6,444,581</u>

See accompanying notes to financial statements

Totals (Memorandum Only)

<u>2002</u>	<u>2001</u>
\$ 596,946	\$ 875,982
269,969	199,144
3,900	3,900
5,427,481	1,119,961
203,397	152,607
<u>6,241,184</u>	<u>6,241,184</u>
<u>12,742,877</u>	<u>8,592,778</u>
	40,000
<u>17,034,357</u>	<u>22,978,828</u>
<u>17,034,357</u>	<u>23,018,828</u>
<u>\$ 29,777,234</u>	<u>\$ 31,611,606</u>

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended June 30, 2002
With Comparative Totals for the Fiscal Year Ended June 30, 2001

	General Fund	
	2002	2001
Revenues:		
Grants	\$ 30,879,763	\$ 34,339,605
Sale of assets		98,300
Interest	441,098	782,056
Fees, permits, and leases	1,717,160	1,386,935
Other	86,351	414,323
Donations	43,615	412,199
Total revenues	<u>33,167,987</u>	<u>37,433,418</u>
Expenditures:		
Current:		
Salaries and employee		
benefits	4,887,511	4,093,322
Services and supplies	4,695,879	4,615,344
Grants	616,509	743,565
Capital outlay	28,390,519	15,054,722
Debt service	562,040	248,300
Total expenditures	<u>39,152,458</u>	<u>24,755,253</u>
Excess of revenues over (under)		
expenditures	(5,984,471)	12,678,165
Fund balance - beginning of fiscal year	23,018,828	11,143,715
Prior period adjustments		(803,052)
Fund balance - end of fiscal year	<u>\$ 17,034,357</u>	<u>\$ 23,018,828</u>

See accompanying notes to financial statements

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES - BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2002

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues:			
Grants	\$ 42,231,282	\$ 30,879,763	\$ (11,351,519)
Sale of assets	17,730,000		(17,730,000)
Interest		441,098	441,098
Fees, permits, and leases	1,703,336	1,717,160	13,824
Other	14,648	86,351	71,703
Donations	79,260	43,615	(35,645)
Total revenues	<u>61,758,526</u>	<u>33,167,987</u>	<u>(28,590,539)</u>
Expenditures:			
Current:			
Salaries and employee benefits	5,004,286	4,887,511	116,775
Services and supplies	5,077,621	4,695,879	381,742
Grants	400,000	616,509	(216,509)
Capital outlay	76,201,307	28,390,519	47,810,788
Debt service		562,040	(562,040)
Total expenditures	<u>86,683,214</u>	<u>39,152,458</u>	<u>47,530,756</u>
Excess of revenues over (under) expenditures	<u>\$ (24,924,688)</u>	<u>(5,984,471)</u>	<u>\$ 18,940,217</u>
Fund balance - beginning of fiscal year		<u>23,018,828</u>	
Fund balance - end of fiscal year		<u>\$ 17,034,357</u>	

See accompanying notes to financial statements

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Mountains Recreation and Conservation Authority (Authority), was established on June 27, 1985, under a joint powers agreement entered into by the Conejo Recreation and Park District (District) and the Santa Monica Mountains Conservancy for and with the purpose of acquiring, developing, and conserving additional park and green space land with special emphasis on water-oriented recreation and conservation projects within both the Santa Monica Mountains Zone and District boundaries. On August 3, 1987, the Rancho Simi Recreation and Park District became a party to the joint powers agreement and a member of the Authority.

B. Reporting Entity

The reporting entity is the Mountains Recreation and Conservation Authority. There are no component units included in this report which meets the criteria of the GASB Statement No. 14, *The Financial Reporting Entity*.

C. Accounting Policies

The accounting policies of the Authority conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) and the American Institute of Certified Public Accountants.

D. Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The Authority's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Authority's accounts are organized into two broad categories, which in aggregate include one fund type and one account group as follows:

GOVERNMENTAL FUND

General Fund

The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

ACCOUNT GROUP

The accounting and reporting treatment applied to the long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheet. Their reported fund balance is considered a measure of "available spendable resources." Thus, the long-term liabilities associated with governmental funds are accounted for in the account group of the Authority.

The General Long-Term Debt Account Group accounts for long-term liabilities expected to be financed from governmental funds.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

F. Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become both measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. An exception to this general rule is that principal and interest on general long-term debt are recognized when due.

G. Budgets and Budgetary Accounting

The Authority adopts an annual budget on or before July 1. From the effective date of the budget, the amounts stated as proposed expenditures become appropriations to the various Authority departments.

The Board of Directors may amend the budget by motion during each fiscal year.

All appropriations lapse at the end of the fiscal year to the extent that they have not been expended. Lease contracts entered into by the Authority are subject to annual review by the Board of Directors; hence, they legally are one year contracts with an option for renewal for another fiscal year.

Budgetary comparison is provided in the accompanying financial statements for the General Fund. Budgeted revenue and expenditure amounts shown represent the Authority's originally-adopted budget adjusted for unanticipated revenues and appropriations during the course of the fiscal year. Budget amounts, as adjusted, reported for the governmental funds of the Authority are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

H. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not utilized by the Authority.

I. Comparative Data/Totals Only

Comparative total data for the prior fiscal year has been presented in certain accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations. Also, certain prior fiscal year amounts have been reclassified to conform with the current fiscal year financial statement presentations.

NOTE 2 - CASH AND INVESTMENTS

The Authority pools idle cash from all funds for the purpose of increasing income through investment. Earnings from such investments are allocated to the respective funds on the basis of applicable cash balances of each fund.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - CASH AND INVESTMENTS (Continued)

Short-term investments are carried at fair value. On June 30, 2002, the Authority had the following cash and investments on hand:

Cash	\$ (168,293)
Investments	<u>16,116,867</u>
Total cash and investments	<u>\$ 15,948,574</u>

Cash and Certificates of Deposit

All cash and certificates of deposit are entirely insured or collateralized. The California Government Code requires California banks and savings and loan associations to secure a district's deposits by pledging government securities as collateral. The fair value of pledged securities must equal at least 110% of the Authority's deposits. California law also allows financial institutions to secure the Authority's deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits.

The Authority may waive collateral requirements for deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

Credit Risk, Carrying Amount, and Fair Value

Cash is classified in three categories of credit risk as follows:

- Category 1 - Insured or collateralized with securities held by the Authority or by its agent in the Authority's name;
- Category 2 - collateralized with securities held by the pledging financial institution's trust department or agent in the Authority's name; and
- Category 3 - uncollateralized.

Investments are also classified in three categories of credit risk as follows:

- Category 1 - Insured or registered, with securities held by the Authority or its agent in the Authority's name;
- Category 2 - uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Authority's name; and
- Category 3 - uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the Authority's name.

Investments in pools managed by other governments or in mutual funds are not required to be categorized.

Implementation of GASB Statement No. 31

Investments are accounted for in accordance with the provisions of GASB Statement No. 31, which requires governmental entities to report certain investments at fair value in the balance sheet and recognize the corresponding change in fair value of investments in the year in which the change occurred. The Authority reports its investments at fair value based on quoted market information obtained from fiscal agents or other sources.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 2 - CASH AND INVESTMENTS (Continued)

At June 30, 2002, the carrying amount of the Authority's deposits was \$(168,293). The bank's balance was \$315,215. This difference is due to the normal deposits in transit and outstanding checks. The Authority's cash deposits by category as of June 30, 2002, are as follows:

	<u>Category</u>			<u>Bank Balance</u>	<u>Carrying Amount</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Bank accounts	\$ 100,000	\$ 215,215	\$ -	\$ 315,215	\$ (168,293)
Total deposits	\$ 100,000	\$ 215,215	\$ -	\$ 315,215	\$ (168,293)

The Authority investments by category as of June 30, 2002, are as follows:

	<u>Category</u>			<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Local Agency Investment Fund (State Pool)	\$ N/A	\$ N/A	\$ N/A	\$14,101,696	\$ 14,062,600
Cash in Ventura County Treasury	N/A	N/A	N/A	2,015,171	2,010,163
Total investments	\$ -	\$ -	\$ -	\$16,116,867	\$ 16,072,763

NOTE 3 - NOTE RECEIVABLE

Note receivable consisted of the following at June 30, 2002:

	<u>Interest Rate</u>	<u>Face Amount</u>	<u>Outstanding June 30, 2002</u>
Bay Housing Partners	10%	\$ 110,000	\$ -

The promissory note was issued on January 22, 1996. The note is unsecured. Entire interest and principal payments were due and payable on October 16, 1998. The note was paid off on April 5, 2002.

NOTE 4 - GENERAL FIXED ASSETS

The acquisitions of fixed assets are recorded as expenditures when payments are made. Such assets are not capitalized in a separate fund or separate account. This lack of recording in a separate fund or account is contrary to accounting principles generally accepted in the United States of America and the omission has been noted in the independent auditors' report.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 5 - GENERAL LONG-TERM DEBT

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2002:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Judgment payable	\$ 6,241,184	\$ -	\$ -	\$ 6,241,184
Compensated absences	<u>152,607</u>	<u>50,790</u>		<u>203,397</u>
Total	<u>\$ 6,393,791</u>	<u>\$ 50,790</u>	<u>\$ -</u>	<u>\$ 6,444,581</u>

A. Judgment Payable

Tucker Land Company

A \$6,375,000 note payable is dated January 21, 1993, with interest at 7% per annum. Payments of \$150,000 due annually on January 21, are to be applied to accumulated interest. Entire principal and the balance of the accumulated interest were due and payable on February 21, 1997. On February 21, 1997, the balance was not paid and the note became delinquent. On June 5, 1998, a judgment against the Authority was ruled in favor of Tucker Land Company in the amount of \$6,241,184. That judgment has accrued and will continue to accrue interest at the rate of 10% per annum since June 5, 1998. In the fiscal year 2002, the Authority made two payments in the amount of \$562,040. Those payments were both recorded with the Los Angeles County Superior Court as partial satisfaction of judgment, as required by the ruling. The amounts paid in 2002 were applied to the accrued interest balance with the note. The principal balance outstanding at June 30, 2002 is \$6,241,184.

B Compensated Absences

The Authority accrues accumulated vacation leave and then expenses the cost as paid in the General Fund. It is the policy of the Authority to pay all accumulated vacation leave when an employee retires or is otherwise terminated.

Sick leave costs are expensed as paid in the General Fund. Employees have no vested rights in accumulated unpaid sick leave upon retirement or termination.

For the fiscal year ended June 30, 2002, the Authority recorded in the general long-term debt account group the estimated liability for compensated absences.

C. Debt Service

The annual maturities and the annual requirements to amortize the outstanding debt are as follows:

Fiscal Year Ending June 30,	Judgment Payable	Interest	Total
2003	<u>\$ 6,241,184</u>	<u>\$ 836,783</u>	<u>\$ 7,077,967</u>

NOTE 6- EMPLOYEE DEFERRED COMPENSATION PLAN (PART-TIME EMPLOYEES)

The Mountains and Recreation Conservation Authority's (the Authority) defined benefit pension plan, Public Employees' Retirement System (PERS), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The PERS is part of the Public Agency portion of the California Public Employees' Retirement System, (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements are established by State statutes with the Public Employees' Retirement Law. The Authority selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002

NOTE 6- EMPLOYEE DEFERRED COMPENSATION PLAN (PART-TIME EMPLOYEES) (Continued)

Funding Policy

Active plan members in the PERS are required to contribute 7% of their annual covered salary. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2001/2002 was 4.66%. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2001/2002, the Authority's annual pension cost was \$151,592 and the Authority actually contributed \$151,592. The required contribution for fiscal year 2001/2002 was determined as part of the June 30, 1999 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included a) an 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service, and (c) a .25% merit adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Authority's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three year period depending on the size of investment gains and/or losses. The Authority's unfunded actuarial accrued liability (or excess assets) is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2000 was 14 years.

Three Year Trend Information for Mountains Recreation and Conservation Authority Employees' Retirement Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contribution	Net Pension Obligation
6/30/00	\$159,230	100%	\$0
6/30/01	\$190,778	100%	\$0
6/30/02	\$151,592	100%	\$0

Required Supplementary Information

Funded Status of Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL As % of Payroll
6/30/98	\$ 21,576	\$ 55,807	\$ (34,231)	258.7%	\$ 1,839,893	(1.860%)
6/30/99	\$ 312,131	\$ 324,083	\$ (11,952)	103.8%	\$ 1,814,332	(0.659%)
6/30/00	\$ 588,168	\$ 662,831	\$ (74,663)	112.7%	\$ 2,310,240	(3.232%)

NOTE 7 – CONTINGENCIES AND COMMITMENTS

According to the Authority's attorneys, no contingent liabilities are outstanding and no lawsuits of any real financial consequence are pending.

The Authority has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursements would not be material.

MOUNTAINS RECREATION AND CONSERVATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002.

NOTE 7 – CONTINGENCIES AND COMMITMENTS (Continued)

On April 1, 1999, the City of Los Angeles loaned to the Authority \$1,305,385 for the purchase of 6.8 acres in the Lawry's California Center. The loan proceeds will also be used to transform the property into and operate a "River Center", develop and maintain a 2.8 acre park with an adjoining parking lot, and preserve the existing gardens and buildings at the site. The loan will be repaid over a term of fifteen years at an annual rate of 5.5%. The payments will be made to the City of Los Angeles on a monthly basis. The collateral for the City of Los Angeles is a deed of trust in first lien position recorded against the 2.8 acre parcel of the Authority. In the agreement, if sales tax generated from the Center is adequate to repay the debt of the Authority, then the Authority will not be required to make their monthly payments. In the current fiscal year, the Authority was not required to service the debt because the sales tax generated was sufficient to cover the debt service. If the sales tax revenue is not sufficient to cover the debt, the Authority is liable for the shortfall. As of June 30, 2002, the principal balance outstanding on the loan totaled \$1,136,584.

On March 8, 2002, the Authority entered into a contract to purchase 16.95 acres of undeveloped land located in Los Angeles County. The sale was contingent upon the Authority receiving Prop 40 funds, as well as various donations. Prior to the end of fiscal year June 30, 2002, the Authority put down \$43,500 toward the \$1,250,000 purchase price. The title of the property was transferred in December 2002 from proceeds of a note issuance dated December 18, 2002. See Note 8 for further details.

On December 10, 2001, the Authority entered into a contract to purchase real property located in Los Angeles County. The contract was contingent upon the Authority receiving Prop 40 monies. The Authority purchased phase I of the agreement during the fiscal year ending June 30, 2002. The Authority exercised the phase II option during the fiscal year ending June 30, 2003 for \$5,280,000.

NOTE 8 – SUBSEQUENT EVENT

On December 18, 2002, the Authority issued \$8,410,000 of notes with Zions National Bank. The proceeds of the notes are to be used to completely satisfy the Tucker debt referred in Note 5 of these financial statements. Also, the remaining proceeds were used to purchase various properties including the Oakshire property which the Authority entered into a contingent contract with the seller on March 8, 2002. The loan is to be repaid in four annual payments beginning August 1, 2004, and to serviced by proceeds from the establishment of MRCA Assessment Districts and Santa Monica Mountains Grants.

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OFFICES IN
LOS ANGELES
SAN FRANCISCO
ORANGE COUNTY

April 12, 2004

Honorable Chair Berger and Members of the Governing Board
Mountains Recreation & Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, California 90065

Honorable Chair Berger and Members of the Board:

You have retained this firm to examine and provide an opinion regarding certain issues raised in the Management Letter from the Department of Finance ("DOF") dated March 24, 2004. The Management Letter sets forth DOF's findings from an audit of MRCA's use of Propositions 12 and 40 bond funds. Specifically, we have been asked to opine regarding two basic issues:

1. Whether an adequate legal and operational separation exists between MRCA and the Santa Monica Mountains Conservancy ("SMMC"); and
2. Whether grants of bond funds awarded to the MRCA by the SMMC identified in the Management Letter were for projects consistent with the bond acts under which they were awarded.

Summary of Conclusions

1. As a matter of law, the MRCA and SMMC are separate legal and operational entities. Under the provisions of the Joint Exercise of Powers Act and a Joint Powers Agreement that is a matter of public record filed with the Secretary of State, MRCA is a local government entity and SMMC is a state agency. The Management Letter ignores the existence of two autonomous Governing Boards that run the two entities and provide independent oversight of operations. The Management Letter creates a distorted picture of the fiscal management of the two agencies by disregarding the authority and requirements of the State laws and governing documents that control the operations of MRCA. Additional fiscal controls proposed by MRCA and SMMC will enhance the separation and accountability of the two entities.
2. Propositions 12 and 40 allow the Governing Board of the SMMC, which includes State officials, the discretion to grant bond funds for a broad variety of purposes. The Management Letter is somewhat misleading in that it incompletely describes the permitted purposes for each bond. Based on the documents we reviewed, the SMMC

Honorable Chair Berger and Members of the Governing Board
Mountains Recreation & Conservation Authority
April 12, 2004
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Governing Board exercised reasonable discretion in determining that the identified MRCA projects were appropriate under the various bond acts.

Background

In preparing this opinion, we have reviewed the following documents:

1. The Management Letter.
2. The Independent Auditors' Report of MRCA's fiscal year 2001-2002, prepared by Moss, Levy & Hartzheim, CPA's.
3. The Joint Exercise of Powers Agreement that created the MRCA.
4. The Amended MRCA Joint Exercise of Powers Agreement approved as of April 9, 2004.
5. Documents relating to proposed organizational and procedural changes to be implemented by MRCA in response to the Management Letter.
6. MRCA grant files for all grants referenced in the Management Letter.

In addition, we have met extensively with MRCA staff and staff of the Conejo Recreation and Park District, the MRCA member entity which serves as fiscal authority for the MRCA. In those meetings, your staff provided us with a general overview of the MRCA's management practices and governance structure.

Discussion

1. **Whether an adequate legal and operational separation exists between MRCA and the Santa Monica Mountains Conservancy ("SMMC").**

The question of whether the MRCA and SMMC are legally and factually separate and independent entities is central to the main criticism set forth in the Management Letter, that "Fiscal Activities are Not Properly Managed and Controlled." In our opinion, as a matter of law the two agencies are legally separate public entities with the legal authority and, in some cases, the statutory requirement to deal with each other as they do. As an operational matter, truly independent oversight and accountability does in fact exist in each agency in forms that were either de-emphasized or completely ignored by the DOF.

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In its Executive Summary, the Management Letter concludes:

“A lack of operational independence compromises both organizations’ [MRCA and SMMC] ability to adequately protect the bond funds from waste, abuse, or irregularities.”

The audit from which Management Letter arises was, by DOF’s admission in the first paragraph a “limited review” of internal controls at MRCA and SMMC. In Finding 1, on page 2, the Management Letter introduces its criticism of MRCA and the SMMC by stating:

“From a Board of Directors standpoint, the Conservancy and Authority appear to be separate autonomous entities, consistent with their enacting joint-powers legislation and memorandum of understanding. Although a legal assessment of the organizations’ independence is beyond the scope of this review, our observation of the daily operations indicates that actual operations are not independent.”

The Management Letter then continues with a rather selective description of the staff functions and perceived overlap of the two agencies intended to bolster the foregoing statement. Rather amazingly, the Management Letter criticizes the fiscal operation of SMMC and MRCA **because there is not enough bureaucracy**. Ignoring the laws under which SMMC and MRCA operate, DOF criticizes the two entities because they don’t work the way things are “usually done” in “other State bond agencies.” Leaving aside the question of whether the taxpayers would agree with that criticism, the independence of the MRCA from the SMMC and its resulting ability to protect and manage public funds cannot be fairly evaluated without a complete statement of the applicable law and the facts about MRCA’s governance and management structure.

- a. **As a matter of law, MRCA is a legally independent and separate public agency, capable of entering into “arms-length” transactions with SMMC and any other public or private agency.**

The fundamental flaw of the Management Letter is that it fails to take into account the well-established laws under which the MRCA must operate. The Joint Exercise of Powers Act authorizes public entities to enter into joint powers agreement to create an agency or entity that is separate from the parties to the agreement and is responsible for the administration of the agreement. Government Code § 6503.5. The State or any State agency may be a member of a joint powers authority. Government Code §§6500, 6502. The statute mandates that “the agency is a public entity separate from the parties to the agreement.” Government Code § 6507. The statute further provides that joint powers agreement must provide for the strict accountability of all funds and reports of receipts and disbursements. Government Code §

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6505(a). Thus, under existing state law a Joint Powers Authority's fiscal accountability is established by its own joint powers agreement, not the DOF, nor a State contracting manual nor the "usual" procedures of some other State agency.

The independence of MRCA from SMMC and any other governmental entity is a settled matter of law and simply cannot be ignored by DOF. The courts have confirmed that a joint powers authority is an independent public entity regardless of its relationship with its constituent members. The case of *Tucker Land Co. v. State of California*, 94 Cal.App.4th 1191 (2001), is a particularly relevant example because it involved MRCA. In that case, the court rejected an argument that MRCA's constituent members were "alter egos" of MRCA and therefore were liable for its contractual obligations. Among other facts, the court acknowledged the following links between MRCA and its constituent members: the authority's board of directors were representatives or nominees of its members; the authority's executive director was also the executive director of a member (the Santa Monica Mountains Conservancy); the authority's treasurer was also the general manager of a member (the Conejo Recreation and Park District); the authority's property was managed by a member (SMMC); and the authority was required to prepare an annual budget in a form approved by a member (SMMC) for approval by all of the members. These are the same types of factors that raised the concerns of the DOF auditors.

Another recent case confirming joint powers authority independence is the decision of the California Supreme Court in *Rider v. City of San Diego*, 18 Cal.4th 1035 (1998). This case concerned a joint powers authority named the Convention Center Expansion Financing Authority, which was created by the San Diego Unified Port District and the City of San Diego to facilitate expansion of the San Diego Convention Center. The links between the authority and the city included the following: the city's mayor and city manager made up half of the authority's governing board; the city's funds covered the authority's expenses; the city controlled the construction of the convention center expansion; and the city would operate the expanded convention center. Project opponents argued that these links made the authority the city's alter ego and precluded it from issuing bonds without complying with the voter approval requirements applicable to the city. The court rejected this argument and ruled that the authority "has a genuine separate existence" from the city. *Id.* at 1044 (citing Government Code § 6503.5).

Joint powers authority independence also is addressed in the case of *County of San Joaquin v. Stockton Swim Club*, 42 Cal.App.3d 968 (1974). In that case, a joint powers authority (the Stockton Metropolitan Park and Recreation Commission) and one of its constituent members (the County of Stockton) sued a nonprofit corporation (the Stockton Swim Club) for indemnification of an adverse judgment. For some reason, at the trial level, the authority and the county asserted that the authority was not a legal entity. On appeal, they reversed their position in response to the nonprofit corporation's argument that the authority could not sue for indemnification because it was not a legal entity. The court determined that a joint powers

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authority's status as a legal entity "is a matter of law" that was not affected by any "erroneous" position asserted by the authority or its constituent members. *Id.* at 972.

Moreover, outside of the joint powers authority context, the courts repeatedly have held that a public entity does not lose its independent status by virtue of sharing officers or employees with another entity. Thus, a redevelopment agency was found to be distinct from a city even though the city councilmembers also were the agency's board. *Pacific States Enterprises, Inc. v. City of Coachella*, 13 Cal.App.4th 1414 (1993) (upholding dismissal of lawsuit for breach of contract and breach of covenant of good faith and fair dealing because city, rather than redevelopment agency, was named as defendant). A flood control and water conservation district was deemed to be distinct from a county despite the fact that their boundaries were coterminous, the district performed the county's traditional functions, the county board of supervisors were the district's board and several county employees worked for the district. *Vanoni v. County of Sonora*, 40 Cal.App.3d 743 (1974) (upholding dismissal of lawsuit seeking to compel flood control and water conservation district to comply with debt limitation applicable to counties). Two other cases have reached similar results in analogous situations. *Riverside etc. Dist. v. Jos. W. Wolfskill Co.*, 147 Cal.App.2d 714 (1957) (upholding denial of motion for change of venue under Code of Civil Procedure Section 394 because a county is distinct from a flood control and water conservation district); *County of L.A. v. Continental Corp.*, 113 Cal.App.2d 207 (1952) (upholding judgment that prior adjudications involving flood control district were not binding upon county).

Because the Joint Exercise of Powers Act contemplates that the contracting parties will establish a separate and independent public entity, the statute establishes an oversight structure for the new entity. The joint powers agreement may designate one or more parties to administer the agreement. Government Code Section 6506. In addition, one or more of the parties may agree to provide all or a portion of the services to the other parties in the manner provided in the agreement. *Id.* The parties may provide for the mutual exchange of services without payment of any consideration other than such services. *Id.* The parties may appoint one of its member officers or employees to the position of treasurer and/or auditor of the joint powers agency, so long as the agency submits to independent audits by certified public accountants. Government Code § 6505.6. Significantly, Government Code Section 6504(c) permits a member agency to advance public funds to the joint powers agency for the purposes set forth in the agreement, a practice that the Management Letter incorrectly implies is somehow contrary to applicable law or procedure.

The purpose of the statutory scheme, obviously, is to promote governmental efficiency and to avoid duplication of efforts by government entities with similar interests and goals. The Attorney General has specifically opined that the sharing of services and employees among members of a joint powers agency – including a State agency – is appropriate. See 83 Ops. Cal. Atty. Gen. 8 (2000). As the court in *City of Oakland v. Williams*, 15 Cal.2d 52, 549 (1940)

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observed regarding the Joint Exercise of Powers Act, “[i]n so legislating the legislature recognizes that there are certain situations and problems that can best be met and solved by several governmental agencies acting jointly and permitting one of their number to act for all.”

The MRCA follows all of the above-cited statutory requirements and has structured itself through the joint powers agreement to meet the collective challenges of its members both by acting jointly and by allowing one of its members to act for all. We note that although the Management Letter expresses a concern that there is not an “arms-length” separation between MRCA and SMMC, the required legal and operational separation is in place. Government Code Section 6506 specifically contemplates that one of the parties will administer the joint powers authority. In this case the Executive Director of the SMMC is the Executive Officer of the MRCA. The statute also allows members to provide services to the joint powers authority, as MRCA’s members do. The statute also would allow **the same person to serve as treasurer and auditor of the joint powers agency**, so long as the agency submits to independent audits. Yet in the case of MRCA, while SMMC employees provide some administrative services, the Director of the Conejo Parks and Recreation District is the MRCA’s fiscal officer, a fact that is not mentioned in the audit letter. In addition to that separation, the MRCA submits to an annual independent audit by certified public accountants. The most recent completed independent audit, of fiscal year 2001-2002, found that MRCA complies with generally accepted accounting standards.

The State itself has validated and accepted this “arms-length” separation in previous transactions between the MRCA and State agencies. While the MRCA’s management structure may not look like the DOF’s idea of an adequate and independent bureaucracy, it certainly complies with the law applicable to its operations.

Further, and perhaps more to the point, the Court of Appeal has held unanimously that the MRCA is a separate public agency from the SMMC, governed by its joint powers agreement and the Joint Powers Act, **not** the procedures of State law applicable to transactions by State agencies. *Cooper v. Mountains Recreation and Conservation Authority*, 61 Cal.App.4th 1115, 1118 (1998). In *Cooper*, a property owner argued that MRCA should have sought the approval of the State’s Public Works Board because SMMC, a member of MRCA, would have been required to do so if it had acquired the property. The court noted that pursuant to Government Code Section 6509, a joint powers agency is subject to the restrictions on its exercise of powers that are applicable to a member agency designated in the joint powers agreement. Because the MRCA’s agreement designates the restrictions that are imposed upon recreation and park district members, the MRCA is not required to follow the fiscal and other procedures that are applicable to State agencies.

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In summary, the fundamental failing in the Management Letter is that it ignores, and therefore fails to apply, well-established statutory and case law which govern the creation and operation of Joint Powers agencies like the MRCA. Based on the foregoing, we conclude that the MRCA is a separate legal entity from the SMMC, capable of entering into "arms-length" and enforceable transactions with the SMMC and any other State or local agency.

b. The MRCA's governance structure provides independent and accountable oversight of the MRCA's operations.

The Management Letter rather cavalierly glosses over the fact that separate and autonomous governing bodies govern both the MRCA and the SMMC¹. The Management Letter further fails to fully explain the fiscal controls in place at MRCA.

Pursuant to the provisions of the Joint Exercise of Powers Act, and the MRCA's joint powers agreement, a four-member Governing Board governs the MRCA. One member of the Governing Board is designated by each of the three member entities, and the Governing Board appoints a fourth at-large member. Pursuant to recent amendments to the joint powers agreement, the at-large member cannot be a member of SMMC, guaranteeing that SMMC does not exercise disproportionate influence on the Governing Board. The Governing Board is required by the joint powers agreement to hold open and public meetings pursuant to the provisions of the Ralph M. Brown Act. We are informed that the MRCA submits every transaction for the approval by the Governing Board at a public meeting, including the approval of every warrant payment. Section 7 of the joint powers agreement requires that three members of the Governing Board be present at a meeting to transact business, and that the affirmative vote of a majority of the quorum is required to approve an action.

As permitted by the Joint Exercise of Powers Act, Section 10 of the joint powers agreement designates SMMC's Executive Director to administer MRCA. Recent amendments to the joint powers agreement require that the Chair of the Governing Board on behalf of MRCA execute any contract or agreement between the MRCA and any member agency. Staff counsel of SMMC serves as counsel to the MRCA without additional compensation, as permitted by the Act. Unfortunately, the Management Letter fails to note the fact that the joint powers agreement designates the General Manager of the Conejo District as the financial officer, treasurer and auditor of the MRCA. The funds of the MRCA, including bond funds granted by SMMC, are deposited with and disbursed by the financial staff of the Conejo District.

¹ While the governance structure and controls in place at SMMC are beyond the scope of this letter, we note that the Governing Board of the SMMC that approved all of the grant agreements at issue in this audit letter includes two representatives of State government agencies, a federal government representative and representatives of independent local government entities. Readers of the Management Letter should not take the apparently intended impression that two employees of SMMC are essentially taking money from one pocket and putting it into the other without any oversight or accountability.

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Section 11 of the joint powers agreement establishes all of the fiscal controls of the Conejo District are applicable to the MRCA. More specifically, under Section 11.5, the General Manager of the Conejo District is required to make an annual audit of the accounts and records of MRCA pursuant to generally accepted accounting standards and the accounting requirements applicable to special districts pursuant to Government Code Section 26909. We understand that such an audit is conducted annually by outside certified public accountants. Pursuant to applicable law, the final audit report is maintained by the MRCA as a public record. The existence of independent auditors' reports, and the conclusions of those reports, is unfortunately not mentioned in the Management Letter.

Our review of the joint powers agreement, as recently amended, the MRCA's governance structure and the provisions of the Joint Exercise of Powers Act leads us to opine that the MRCA conducts itself in compliance with applicable law. Members of the Governing Board provide independent and accountable oversight of the operations of the MRCA, and the staff exercises only the authority delegated to it by the Governing Body and the member agencies through the joint powers agreement. An additional level of independent fiscal control is achieved by designating employees of separate member agencies to serve as Executive Officer and Treasurer/Auditor.

Ignoring the applicable law and governing document of the MRCA, as the DOF auditors admit they did, makes it impossible to conduct an accurate and fair audit of the MRCA. The best a government agency can do is strive to comply with the law, accounting standards and policies applicable to it at the time. This, MRCA did. The unreasonable standards advanced in the Management Letter would have required MRCA personnel to predict and try to comply with the procedures and controls some unknown auditor would require in the future. Further, as the Management Letter amply demonstrates, DOF's preferences for fiscal controls would have increased the bureaucracy and the cost of MRCA's activities, as well as eviscerated the efficiencies the Legislature created in adopting the Joint Exercise of Powers Act.

c. Additional Controls Being Implemented by MRCA in Response to the Management Letter Will Enhance MRCA's Accountability

In response to the issues raised by the auditors during the audit, the MRCA Governing Board and staff have begun to implement additional fiscal controls and steps designed to increase the fiscal accountability of the MRCA. Recently approved amendments to the joint powers agreement designate an employee of the Conejo District to be the Assistant Financial Officer of the MRCA to administer any contracts between the MRCA and the SMMC. An additional new provision of the joint powers agreement requires that the Chair, rather than the Executive Officer, execute any contracts between the MRCA and a member agency. These new steps are designed to create further independence and separation in fiscal and management functions, while still creating the

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inter-agency efficiency the Legislature contemplated in creating the Joint Exercise of Powers Act.

We also understand that SMMC is in the process of implementing additional checks and balances intended to provide additional levels of fiscal control over its grantees.

In our opinion, although the MRCA has operated in compliance with applicable law and its governing agreement, these additional controls being implemented by MRCA also are consistent with applicable law. The new procedures will adequately provide additional assurance to the public and contracting parties that MRCA is independent and capable of entering into "arms-length" transactions with its members and others.

2. Whether grants of bond funds awarded to the MRCA by the SMMC identified in the Management Letter were for projects consistent with the bond acts under which they were awarded.

In Finding 5, the Management Letter states that certain grants of Propositions 12 and 40 grant funds made by the SMMC to the MCRA for various purposes "did not appear consistent with the bond acts, and with the awarding practices of other State agencies...." The Management Letter then goes on to interpret two State statutes adopted by the voters, notwithstanding the fact that the auditors previously indicated that a legal review was "beyond the scope" of the audit. There is no indication in the Management Letter that DOF consulted with counsel regarding this issue prior to issuing the Management Letter.

Unfortunately, the Management Letter's conclusions are based upon incomplete citations of the law and, in some cases, inaccurate descriptions of the grants that were awarded. More fundamentally, the Management Letter does not recognize that the Governing Board of the SMMC, a body that includes two representatives of State government including the Secretary of the Resources Agency, considered these grant proposals in detail and applied their own expertise, experience and policy knowledge in awarding the grants to MRCA. Propositions 12 and 40 represent a classic delegation of discretion from the voters to the SMMC in the awarding of grants that fit within broad statements of policy. We note that although these grants were approved in open and public meetings of the SMMC Governing Board, there has been no legal challenge or public question raised as to the manner in which the SMMC exercised its discretion.

In the case of the grants questioned in the Management Letter, the DOF does not contend that the people of California did not receive valuable services and programs in return for the grant funds. Rather, DOF simply contends that the auditors might have exercised their discretion differently than SMMC in awarding the grants. However, when such discretion is delegated by law to an administrative body, the long-standing rule is that a reviewing court may not substitute its judgment for the discretion of the administrative board, in this case the SMMC. *See, Manjares v.*

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Newton, et al., 64 Cal.2d 365, 370-71 (1966). Indeed, "if reasonable minds may differ as to the wisdom of the board's action, its determination must be upheld. *Id.*, citing *Rible v. Hughes*, 24 Cal.2d. 437, 445 (1944). When one reviews the full text of the applicable law and the accurate description of the questioned grants, as we did, it appears that this finding represents at most differences of opinion as to the purposes for which these grant funds should have been awarded. That being the case, we believe that the SMMC acted well within its discretion when it awarded the grants described in the Management Letter.

The full applicable text of the two bond acts is critical to understanding this issue. As relevant here, Proposition 12 provides:

"5096.353. Funds allocated pursuant to subdivision (p) of Section 5096.310 shall be available to the Santa Monica Mountains Conservancy for capital outlay and grants for the acquisition from a willing seller, enhancement, and restoration of natural lands, improvement of public recreation facilities, and for grants to local agencies and nonprofit organizations to increase access to parks and recreational opportunities for underserved urban communities, in accordance with the following schedule:

Thirty-five million dollars (\$35,000,000) to acquire, improve, or restore park, wildlife, or natural areas, including areas near or adjacent to units of the state park system wherever such units may be situated within a local jurisdiction within the Santa Monica Mountains Zone or Rim of the Valley Trail Corridor."

As applicable in the cases of the two Proposition 12 education and interpretation grants question in the Management Letter, MRCA's position is that education and interpretation programs including docent and volunteer programs, junior ranger programs and other community outreach programs were necessary to "increase access to parks and recreational opportunities" for the underserved Los Angeles urban communities. Such programs are specifically allowed to receive grant funds. Thus, grants SMM-871 and SMM-895 were consistent with the intent of Proposition 12.

As to grant SMM-6118, the grant for emergency preparedness supplies, this grant did not fund on-going expenses, but rather a one-time capital purchase of emergency supplies to be stored at major MRCA-managed sites. In requesting this grant, MRCA believed that its land resources, as well as public access, would be improved and rehabilitated by improving emergency preparedness at particular sites. In its discretion as granting agency SMMC agreed and there appears to be no ground for contesting that decision. With regard to project planning and design grants SMM-398, SMM-894 and SMM 879, we are informed that it is extremely

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common for agencies to carry out planning and design activities connected with property acquisitions. Without such activities, acquired properties most likely could not be made accessible to the public. Nothing in Proposition 12 prohibits such grants, and there is no indication that SMMC abused its discretion in awarding grant funds for these purposes. Finally, as to grant SMM-6109, the purpose of the grant is mischaracterized. The grant did not fund the establishment of a benefit assessment district. Rather, the grant funded a pre-acquisition study of various properties that were under consideration for acquisition by a possible assessment district. The assessment district was later formed – without the use of bond funds – and we are informed that this grant money was refunded out of the proceeds of the assessment.

With regard to grants issued from Proposition 40 funds, again, it is helpful to see the full text of the applicable sections of the measure, Public Resources Code Section 5096.353, which was not quoted in the Management Letter:

“5096.650. The one billion two hundred seventy-five million dollars (\$1,275,000,000) allocated pursuant to subdivision (c) of Section **5096.610** shall be available for the acquisition and development of land, air, and water **resources** in accordance with the following schedule: ...

“(b) The sum of four hundred forty-five million dollars (\$445,000,000) to the conservancies in accordance with the particular provisions of the statute creating each conservancy for the acquisition, development, rehabilitation, restoration, and protection of land and water resources; for grants and state administrative costs; and in accordance with the following schedule:

- (1) To the State Coastal Conservancy \$200,000,000
- (2) To the California Tahoe Conservancy \$ 40,000,000
- (3) To the Santa Monica Mountains Conservancy ... \$ 40,000,000....”

Further, Public Resources Code Section 5096.605(c) defines the term “development” in Section 5096.650(b) to include “interpretation.” Thus, Public Resources Code Section 5096.650(b) requires that the SMMC make its grants in accordance with the provisions of its enabling statute, Public Resources Code Section 33000, *et seq.*, **and** allows grants to local agencies for interpretation. The Management Letter does not discuss the critical point that SMMC is empowered to make grants consistent with the purposes for which SMMC was created. Public Resources Code Section 33204.27(a) provides, in relevant part:

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“The conservancy may award grants to...local agencies for any purposes for which it may award grants to nonprofit organizations pursuant to subdivision (a) of Section 33204.2”

Public Resources Code Section 33204.2(a) provides, in relevant part:

“The conservancy may award grants to nonprofit organizations...to carry out educational interpretation programs that directly relate to a project that the conservancy is authorized to undertake pursuant to this division.”

Thus, reading *all* of the applicable law together, it must be concluded that the SMMC was authorized to make grants of Proposition 40 funds to local agencies (such as MRCA) and nonprofits for educational and interpretation programs that directly related to SMMC projects. Grant SMM-6104 was consistent with Proposition 40. The planning and design grant awarded to MRCA under Proposition 40, SMM-6105, seems similarly connected to acquisition and development of a particular site, and thus permissible under Proposition 40.

Grant SMM-6109 of Proposition 40 funds was not to “establish” a non-profit organization. The non-profit organization was incorporated before the grant was made. The Grant Agreement indicates the purpose of the grant was to assist in the activities of the Friends of the Conservancy, an existing fund-raising group the purpose of which was to enhance public access and programs in parks under the jurisdiction of the SMMC. Again, there is nothing in Proposition 40 to prohibit this type of grant, and it appears to have been made in the proper exercise of SMMC’s discretion.

As to the Management Letter’s questions regarding grant SMM-6118, the Management Letter misunderstands both the character and use of the Los Angeles River Center and the project.

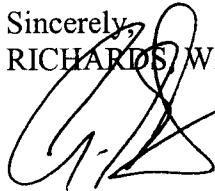
As others will describe no doubt in more detail, the Los Angeles River Center is a major urban park, open to the public, in a heavily urbanized area. It appears from the records we reviewed that the improvements made to the Los Angeles River Center were consistent with the intent of Proposition 40. Certainly nothing in the Management Letter would indicate that this is anything other than a difference of opinion, with the result being that SMMC’s exercise of discretion in awarding the grant would be upheld.

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Conclusion

We appreciated the opportunity to be of service to the MRCA on this important project. If you or the Board Members have any further questions, please feel free to contact me.

Sincerely,
RICHARDS, WATSON & GERSHON

A handwritten signature in black ink, appearing to read 'C. Steele', written over the printed name 'Craig A. Steele'.

Craig A. Steele

cc: Joseph T. Edmiston
Laurie C. Collins, Esq.

ORGANIZATIONAL AND PROCEDURAL CHANGES

Santa Monica Mountains Conservancy (SMMC)

(1) Any grants, contracts, memoranda of understanding, and similar documents executed between SMMC and all grantees including the MRCA, must be signed by the SMMC Chairperson, on behalf of the Conservancy. This change is being made to ensure that the SMMC Board has full fiduciary responsibility.

(2) Prior to the SMMC acting on a proposed grant, the SMMC Staff Counsel will determine grant eligibility and "sign-off" on the legality of the grant by executing an approval signature block on the staff report for the item.

(3) SMMC will designate the Staff Counsel II to serve as contracts/grants monitor independent of any MRCA employee or any other grantee.

(A) PROCEDURES

1. PURPOSE

All grant proposals are subject to project management review prior to award, during the course of acquisition, development, operation, and final accounting.

The SMMC Legal Department will have oversight responsibility for the review process. This responsibility may be delegated to other appropriate departments of the SMMC or to an independent contractor that is not affiliated with any grant application.

2. REVIEW PRIOR TO SMMC BOARD ACTIONS:

- a. **PROJECT ELIGIBILITY:** The SMMC Legal Department or other designated legal counsel will review all grant proposals prior to submittal for award action by the SMMC Board. The purpose of this review is to identify the source of grant money that will be applied to the project, whether or not the project complies with applicable grant funding regulations, and grantee acceptance of project monitoring requirements. All grants must be submitted for project eligibility review at least ten calendar days prior to being listed on any SMMC agenda that identifies the project for award action.

- b. **PROJECT MONITORING:** Project monitoring for all grants will be reported on a quarterly basis to the SMMC Board. Project monitoring forms (to be developed) will include: project name and its authorized managers, grant amount, grant milestones, grant compliance, percentage of work completed as of the date of the quarterly report, estimated draw-downs for the next quarter, projected completion date, and any current issues that affect project compliance with the grant's work program and funding.

Any request for fund advances will be accompanied by an updated project monitoring report.

- c. **FINAL PROJECT REPORT:** Every grantee will file a Final Project Report with SMMC. The report will include a statement of project completion signed by the grantee certifying that to the best of its knowledge and belief, all required documents have been provided to the grantor, and that all work and costs claimed are eligible and consistent with grant conditions, and a final accounting. The final accounting must include a check for reimbursement for any unspent advances, if any.

(B) CONTRACT TERMS

All contracts shall include: (a) a clear description of the project scope, including the work, service, or product to be performed, rendered, or provided; and (b) expenditure budgets, including authorized costs by major expenditure category.

- Definition of the project as a grant award for ACQUISITION, IMPROVEMENTS, OPERATIONS, EDUCATION AND INTERPRETATION, RESTORATION, ENHANCEMENT, PROJECT PLANNING AND DESIGN, OUTREACH, ACQUISITION STUDIES, MAINTENANCE, and/or any other grants contemplated by the Santa Monica Mountains Conservancy.
- Identification of statute and regulations governing the grant award
- Identification of where the project is located within the SMMC Zone
- Project Work Plan including project scope, term, and proposed budget
- Final Project Report

(4) A report will be given to the SMMC board on a quarterly basis on the status of all grant projects and expenditures.

(5) SMMC will prohibit use of SMMC letterhead or identifying information (such as business cards or e-mail addresses) by other than state employees.

ORGANIZATIONAL AND PROCEDURAL CHANGES

Mountains Recreation and Conservation Authority (MRCA)

(1) The MRCA Joint Powers Agreement (JPA) has been amended (Sec. 10.0) to provide for the Chairperson's, or in absence of the Chairperson, the Vice-Chairperson's signature on all grants, contracts, MOUs and similar documents where the SMMC is a party. This is to ensure the MRCA board's fiduciary responsibility.

(2) The MRCA JPA has also been amended (Sec. 11.7) to provide for an Assistant Financial Officer, appointed by the General Manager of the Conejo Recreation and Park District. This official is responsible for the fiscal administration of any grants or contracts between the MRCA and other entities including the SMMC. In addition, the Assistant Financial Officer will supervise the Accounts Receivable and Accounts Payable staff and will be responsible for the authorization of all expenditures, approval of billings, and approval of invoices. The result of this change is that with respect to final approval of any financial transactions, the line of authority runs wholly outside of the SMMC and instead is vested with employees who report to the General Manager of the Conejo District acting in his capacity as Financial Officer of MRCA pursuant to Sec. 10.2 of the JPA.

(3) The Assistant Financial Officer will report quarterly to the MRCA governing board on the status of grant projects and expenditures.

(4) MRCA will implement the Cal-Card system whereby specific delegation limits on amounts and types of purchases will be set for each card user. AmEx cards will be limited to those purchases not possible via Cal-Card, and then only pursuant to delegated amount limits and permitted types of expenditures.

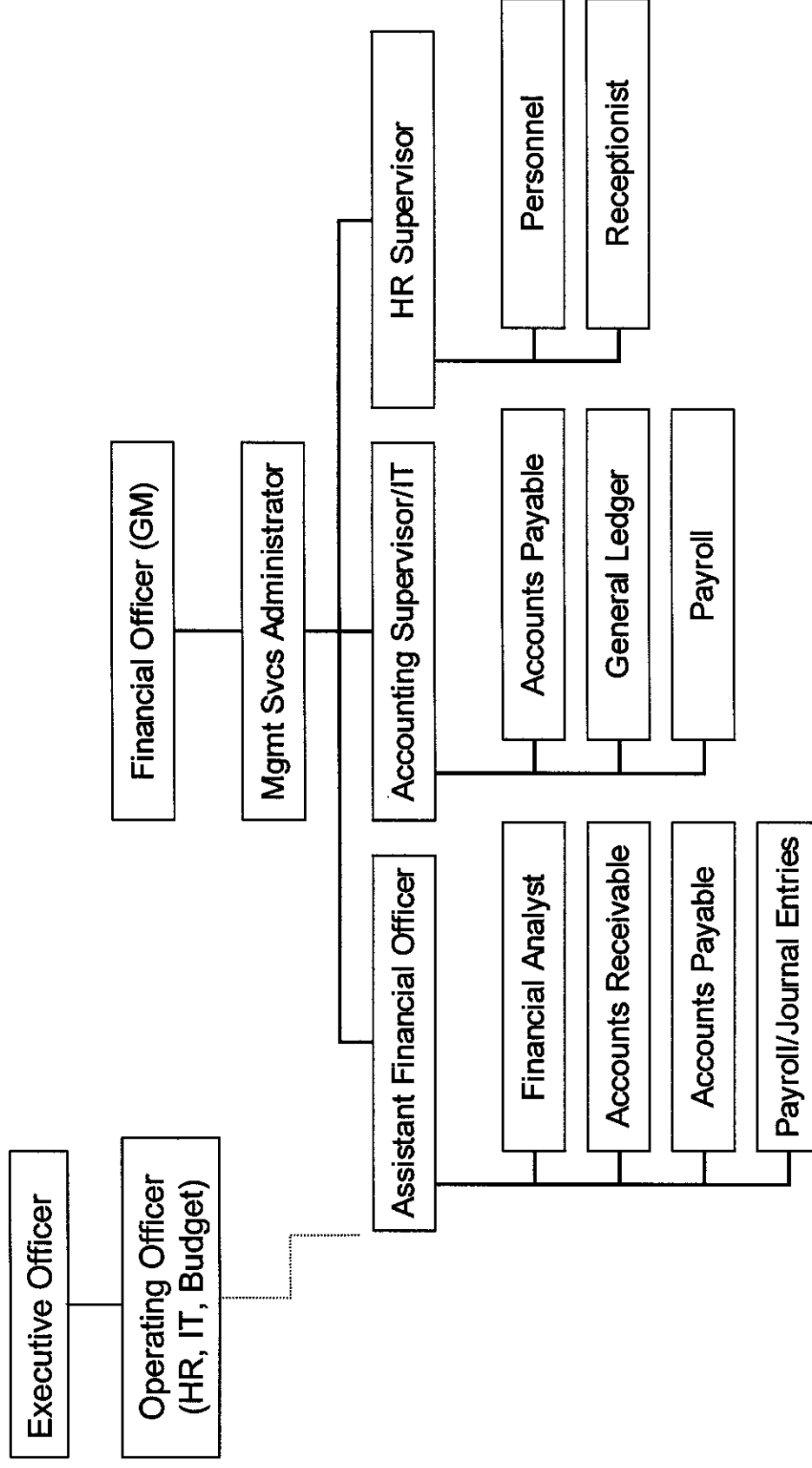
(5) The Financial Officer will annually determine the adequacy of internal accounting controls including the following:

(A) PROCEDURES

1. Document Review
 - a. Document the levels of approval authority for various types of transactions.
 - b. Obtain authorization for transactions consistent with fiscal policies.
 - c. Document the authorization (i.e. sign invoices/request for payment).
2. Verify whether incompatible duties are segregated.
 - a. Within the constraints of cost/benefit, no single individual shall be able to authorize a transaction, verify that goods/services were received, and record the transaction.
3. Verify that accounting records and documentation are properly designed and maintained.
 - a. Accounting documents include sufficient detail to support allocation of costs to program charged.
 - b. Employee timesheets include sufficient detail to support the allocation of employee time to program charged.
 - c. Records are maintained in accordance with legal requirements governing records retention.
4. Verify that access to both assets and records is controlled.
 - a. Access to accounting system is restricted to authorized individuals.
 - b. Access to computer equipment is restricted to authorized individuals.
 - c. Access to hardcopy records (requisitions, purchase orders, etc.) is restricted to authorized individuals.
5. Verify that accounting data are periodically reconciled.
 - a. Bank Accounts are reconciled regularly.

- b. Financial reports are regularly reviewed with the governing body.
- c. Financial reports are distributed in accordance with legal requirements.

MRCA./CRPD ORGANIZATIONAL CHART – FINANCIAL DUTIES



LAW OFFICES OF SAMUEL NORBER

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November 17, 2003

File Number
104-103

Ms. Anita Nord
Public Finance Division
Office of the State Treasurer
915 Capitol Mall
Sacramento, CA 95814

RE: Distribution of Grant Funds to MRCA

Dear Ms. Nord:

I have been retained by the Mountains Recreation and Conservation Authority (the "MRCA" or the "Authority") to review the question of whether a distribution of grant moneys by the Santa Monica Mountains Conservancy (the "Conservancy") to the MRCA, all or a portion of which consist of proceeds of tax-exempt obligations issued by the State of California, constitutes an expenditure of these proceeds under federal tax laws relating to the expenditure of the proceeds of tax-exempt obligations. Based on my review of the documents and the law, as discussed below, I am of the opinion that under the relevant federal tax laws, the Conservancy and the MRCA are not related parties, and therefore such distribution of grant moneys may be allocated to an expenditure on the date that such distribution is made.

I was provided with the following facts. The Conservancy is a state agency created by state law as a department of the State Resources Agency to assist in the preservation of open space and coastal resources within the Santa Monica Mountains Zone. The Conservancy is governed by an 11 member board, two of whom are nonvoting members. The Conservancy has the authority to make grants of state funds to local agencies for the purpose of, among other things, acquiring land to be preserved as open space in the Santa Monica Mountains Zone.

The MRCA is a joint powers authority created as an entity separate from its members by a joint exercise of powers agreement revised as of July 30, 2002 (the "Joint Powers Agreement"), by and between the Conservancy, the Conejo Recreation and Park District (the "Conejo District") and the Rancho Simi Recreation and Park District (the "Rancho Simi District," and together with the Conejo District, the "Districts"). The Conejo District and the Rancho Simi District do not have representation on the Conservancy governing board, but do participate in a Conservancy advisory board (the "Advisory Committee"). The MRCA is governed by a four person board. One board member is appointed by the Conservancy; one

LAW OFFICES OF SAMUEL NORBER

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board member is the member of the Advisory Committee serving as the designee of the Conejo District; one board member is the general manager of the Rancho Simi District or an employee designated by him; and one board member is nominated by the Conejo District and appointed by the Conservancy. The executive director of the Conservancy serves as executive officer of the MRCA. The MRCA and the Conservancy have entered into a reciprocal management agreement which governs matters relating to sharing of office space, personnel and other administrative matters.

With respect to fiscal controls, Section 11.2 of the Joint Powers Agreement states:

11.2. The Authority shall be strictly accountable for all funds, receipts, and disbursements. The Authority shall prepare an annual budget, in a form approved by the Conservancy and the District[s], which budget shall be submitted to the Conservancy and the District[s] for approval, in the time and manner as specified by the Conservancy and the District[s]. Public funds may not be disbursed by the Authority without approval of the adopted budget of the Authority, and all receipts and disbursements shall be in strict conformance with the adopted and approved budget.

Over the last decade, the Conservancy has made a number of grants to the MRCA. The grants are made pursuant to agreements which specifically identify the projects to be funded with the grant moneys. In some cases, the Conservancy has derived the grant funds from the proceeds of state general obligation bonds issued pursuant to Proposition 12, Proposition 13, Proposition 40 and Proposition 50 (the "Bonds"). The question you have asked is whether the transfer of the grant funds to the MRCA constitutes an expenditure of the proceeds of the Bonds under federal tax law relating to the expenditure of the proceeds of tax-exempt obligations.

I have reviewed the Joint Powers Agreement, a letter from the State Treasurer's Office dated November 19, 2002 expressing their view that the Conservancy's grant of State bond funds to the MRCA may not be an expenditure of such funds because the Conservancy and the MRCA are "related" within the meaning of the relevant federal tax laws, and such other documents and matters to the extent I deemed necessary to render the opinion set forth herein. I have not undertaken to verify independently, and have assumed, the genuineness of such documents presented to me (whether as originals or copies) and of the signatures thereon, the accuracy of the factual matters represented, warranted or certified therein, and the due and legal execution and delivery thereof by, and validity against, any parties.

Sections 103 and 141 through 150 of the Internal Revenue Code of 1986 (the "Code") and the regulations promulgated thereunder (the "Regulations") contain the requirements which must be met in order to ensure that the interest paid on the Bonds qualifies for tax exemption. A number of these requirements relate to the tracking of proceeds until they are allocated to an expenditure. Once proceeds are allocated to an expenditure, they are treated

Ms. Anita Nord
November 17, 2003
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as spent and need no longer be monitored. The following provisions relate to the use of proceeds to make grants, and therefore are applicable to the transaction described above.

Section 1.141-6(d)(4) of the Regulations states:

(4) Expenditures for grants--

(i) **In general.** Gross proceeds of an issue that are used to make a grant are allocated to an expenditure on the date on which the grant is made.

(ii) **Characterization of repayments of grants.** If any amount of a grant financed by gross proceeds of an issue is repaid to the grantor, the repaid amount is treated as unspent proceeds of the issue as of the repayment date unless expended within 60 days of repayment.

(iii) **Definition of grant.** Grant means a transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the transferor. The transfer must not impose any obligation or condition to directly or indirectly repay any amount to the transferor. Obligations or conditions intended solely to assure expenditure of the transferred moneys in accordance with the governmental purpose of the transfer do not prevent a transfer from being a grant.

Section 1.150-1(b) of the Regulations defines the term "Related Party" as follows:

Related party means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to any person that is not a governmental unit or 501(c)(3) organization, a related person (as defined in section 144(a)(3)).

Section 1.150-1(e) of the Regulations states:

(e) **Controlled group** means a group of entities controlled directly or indirectly by the same entity or group of entities within the meaning of this paragraph (e).

(1) **Direct control.** The determination of direct control is made on the basis of all the relevant facts and circumstances. One entity or group of entities (the controlling entity) generally controls another entity or group of entities (the controlled entity) for purposes of this paragraph if the controlling entity possesses either of the following rights or powers and the rights or powers are discretionary and non-ministerial--

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- (i) The right or power both to approve and to remove without cause a controlling portion of the governing body of the controlled entity; or
- (ii) The right or power to require the use of funds or assets of the controlled entity for any purpose of the controlling entity.

(2) **Indirect control.** If a controlling entity controls a controlled entity under the test in paragraph (e)(1) of this section, then the controlling entity also controls all entities controlled, directly or indirectly, by the controlled entity or entities.

(3) **Exception for general purpose governmental entities.** An entity is not a controlled entity under this paragraph (e) if the entity possesses substantial taxing, eminent domain, and police powers. For example, a city possessing substantial amounts of each of these sovereign powers is not a controlled entity of the state.

For purposes of this discussion, I have assumed that the transfer of moneys does not impose any obligation or condition upon the MRCA to directly or indirectly repay any amount to the Conservancy, or that any obligations or conditions imposed by the Conservancy upon the use of such moneys are intended solely to assure expenditure of the transferred moneys in accordance with the governmental purpose of the transfer. Thus, the remaining concern is whether the Conservancy and the MRCA are "related parties". If the Conservancy and the MRCA are not members of the same controlled group, they are not related parties under Section 1.150-1 of the Regulations, and the grant from the Conservancy to the MRCA may be allocated to an expenditure (and deemed spent) on the date such grant is made.

In this transaction the question is whether the Conservancy has direct control of the MRCA under Section 1.150-1(e)(1) of the Regulations. Direct control would exist if the Conservancy has either:

- (1) the right or power to both approve and to remove without cause a controlling portion of the governing body of the MRCA, or
- (2) the right or power to require use of funds or assets of the MRCA for any purpose of the Conservancy.

With respect to (1) above, the Conservancy has the right to appoint two of the four members of the governing board of the MRCA. However, as to one of those two appointments, the Conservancy must appoint the member nominated by the Conejo District. Therefore, the Conservancy actually selects only one member of the governing board. Clearly, this is not a controlling portion.

With respect to (2) above, the annual budget of the MRCA must be approved by both the Conservancy and the Districts. There is no reason to believe that the Conservancy can

LAW OFFICES OF SAMUEL NORBER

Ms. Anita Nord
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influence the Districts' approval of a budget that benefits the Conservancy. Thus, since the Districts are free to make an independent decision regarding the approval of the budget, the Conservancy does not have the right or power to use the funds of the MRCA for its own benefit.

In summary, under the federal guidelines quoted above, the Conservancy and the MRCA are not members of the same controlled group; therefore they are not related parties, and the distribution of grant moneys consisting of proceeds of the Bonds from the Conservancy to the MRCA may be allocated to an expenditure at the time such distribution takes place.

This opinion is delivered to you on behalf of the Mountains Recreation and Conservation Authority. This opinion is solely for the information and use of you and may not be used, circulated, quoted or relied upon by any other person without my prior written consent. I would be happy to meet with you at your convenience to discuss any questions you may have relating to this opinion.

Respectfully submitted,

LAW OFFICES OF SAMUEL NORBER

BY: Samuel Norber

LAW OFFICES OF SAMUEL NORBER

Beverly Hills Law Building
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Beverly Hills, California 90212

EXHIBIT 5

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April 9, 2004

File Number
104-103

Samuel E. Hull, CPA
Chief, Office of State Audits and Evaluations
California Department of Finance
915 L Street
Sacramento, CA 95814

RE: Distribution of Grant Funds From the Santa Monica Mountains
Conservancy to the Mountains Recreation & Conservation Authority

Dear Mr. Hull:

I have been retained by the Mountains Recreation & Conservation Authority (the "MRCA" or the "Authority") to review that portion of your Management Letter (dated March 24, 2004) which deals with the questions of related entities and arbitrage rebate. The related entities analysis determines whether a distribution of grant moneys by the Santa Monica Mountains Conservancy (the "Conservancy") to the MRCA, all or a portion of which consist of proceeds of tax-exempt obligations issued by the State of California, constitutes an expenditure of these proceeds under federal tax laws relating to the expenditure of the proceeds of tax-exempt obligations. Based on my review of the documents and the law I have concluded that under the relevant federal tax laws, the Conservancy and the MRCA are not related parties, and therefore such distribution of grant moneys may be allocated to an expenditure on the date that such distribution is made. If the proceeds are deemed to be spent when the grant is made, there is no need to track arbitrage earnings from that point on.

On the Authority's behalf, I prepared a letter to Ms. Anita Nord of the Office of the State Treasurer, dated November 17, 2003 (the "Letter"), which provides a detailed discussion of the Internal Revenue Service regulations (the "Regulations") applicable to the expenditure of grant funds derived from the proceeds of tax exempt bonds. Under the Regulations, a grant is made, and the proceeds of the tax-exempt bonds are deemed to be expended, when there is a transfer of funds to an entity that is not a related party to the transferor. Parties are treated as related if one party (the "Controlling Entity") exerts control over the other party (the "Controlled Entity") by having: (1) the right or power to appoint a controlling portion of the governing body of the Controlled Entity, or (2) the right or power to require the use of funds or assets of the Controlled Entity for any purpose of the Controlling Entity. Based on my analysis of the law and the relevant facts, I concluded that the Conservancy did not have either of these rights or powers

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Samuel E. Hull, CPA

April 9, 2004

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with respect to the Authority, and that the Conservancy and the Authority were not related parties for federal income tax purposes. I refer you to the Letter for the detailed analysis.

Finally, let us assume for the sake of argument, that it is determined that the Conservancy and the Authority are in fact related for federal tax purposes. This determination does not cause the State's obligations to lose their tax-exempt status, nor does it have any adverse impact on the State's credit rating. It merely means that the Authority would now be required to continue to track the investment of the grant proceeds from the time they it receives such amounts until such amounts are actually disbursed in order to compute any additional positive arbitrage.

Please feel free to call me with any questions or comments you may have with respect to this matter.

Respectfully submitted,

LAW OFFICES OF SAMUEL NORBER

BY: Samuel Norber



RICHARDS | WATSON | GERSHON

ATTORNEYS AT LAW - A PROFESSIONAL CORPORATION

EXHIBIT 6

355 South Grand Avenue, 40th Floor, Los Angeles, California 90071-3101
Telephone 213.626.8484 Facsimile 213.626.0078

March 8, 2004

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(1916-1988)

GLENN R. WATSON
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ERWIN E. ADLER
DAROLD D. PIEPER
STEVEN L. DORSEY
WILLIAM L. STRAUSS
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ROBERT C. CECCON
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ROXANNE M. DIAZ
JIM G. GRAYSON
AMY GREYSON
DEBORAH R. HAKMAN
WILLIAM P. CURLEY III
D. CRAIG FOX
CHANDRA GEHRI SPENCER
ROBERT H. PITTMAN
ROY A. CLARKE
ERIC M. ALDERETE
MICHAEL F. YOSHIBA
REGINA N. DANNER
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ALEXANDER ABBE
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PATRICK K. BOBKU
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MIGUEL S. RAMIREZ
EZRA J. REINSTEIN
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Laurie C. Collins
Staff Counsel
Mountains Recreation And Conservation Authority
570 West Avenue 26, Suite 100
Los Angeles, California 90065

Dear Ms. Collins:

At your request, we have reviewed a letter dated February 27, 2004 from the Law Offices of Samuel Norber, addressed to the Assistant Secretary of the Resources Agency of the State of California.

After a detailed analysis, the letter concludes that transfers by the Santa Monica Mountains Conservancy of gross proceeds of tax-exempt bonds to the Mountains Recreation and Conservation Authority is permitted under federal tax law. The letter also concludes that if such transfers do not qualify as grants to the MRCA under applicable federal tax law, the MRCA must track the investment of such gross proceeds and provide for the rebate of arbitrage earnings to the United States.

We concur with the conclusions expressed in the letter.

If you have any further questions or comments, please do not hesitate to contact us.

Very truly yours,

William L. Strausz

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MRCA

Preliminary Analysis of State of California GO BONDS

				Reinvestment %				
				3.25%	3.08%	1.68%	1.55%	
Sale Date	Type of Bond	Mode	Par Amount in	8038 G Arb Yield	Prop 12	Prop 13	Prop 40	Prop 50
			Millions of \$					
19-Apr-00	General Obligation	Fixed	\$ 500	5.451478%				
20-Jun-00	General Obligation	Fixed	\$ 350	5.317611%				
13-Sep-00	General Obligation	Fixed	\$ 850	5.003566%	\$			
17-Oct-00	General Obligation	Fixed	\$ 967	5.153905%	\$			
29-Nov-00	General Obligation	Fixed	\$ 648	4.999117%	\$			
27-Feb-01	General Obligation	Fixed	\$ 954	4.753530%	\$	\$		
12-Jun-01	General Obligation	Fixed	\$ 1,000	5.102256%	\$	\$		
30-Oct-01	General Obligation	Fixed	\$ 1,000	4.746272%	\$	\$		
20-Feb-02	General Obligation	Fixed	\$ 1,000	5.056857%	\$	\$		
13-Mar-02	General Obligation	Fixed	\$ 1,105	5.136708%	\$	\$		
17-Apr-02	General Obligation	Fixed	\$ 800	5.194483%	\$	\$		
09-Oct-02	General Obligation	Fixed	\$ 800	4.628773%	\$	\$		
13-Feb-03	General Obligation	Fixed	\$ 900	4.886881%	\$	\$	\$	
10-Apr-03	General Obligation	Variable	\$ 1,400	n/a	\$	\$	\$	
24-Apr-03	General Obligation	Fixed	\$ 2,050	4.773740%	\$	\$	\$	
19-Jun-03	General Obligation	Fixed	\$ 1,718	4.567800%	\$	\$	\$	
29-Oct-03	General Obligation	Fixed	\$ 1,800	5.151174%	\$	\$	\$	\$
19-Feb-04	General Obligation	Fixed	\$ 2,000	5% Est	\$	\$	\$	\$
			\$ 19,842					

1. We have not yet determined which bond issues included Prop 12,13,40 or 50 Funds

SANTA MONICA MOUNTAINS CONSERVANCY

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EXHIBIT 8

MINUTES OF THE JOINT MEETING
of the
SANTA MONICA MOUNTAINS CONSERVANCY
and the
SANTA MONICA MOUNTAINS CONSERVANCY
ADVISORY COMMITTEE

December 4, 2000

1. Call to order.

The joint meeting of the Santa Monica Mountains Conservancy and Santa Monica Mountains Conservancy Advisory Committee was called to order by Conservancy Chairperson Elizabeth Cheadle at 7:40 p.m. on December 4, 2000, at the Los Angeles River Center and Gardens, 570 West Avenue Twenty-Six, Los Angeles, CA, 90065.

2. Roll call of Conservancy.

The Conservancy roll was called and the following members were present: Jerome Daniel, Arthur Eck, Steven Treanor, Michael Berger, Vice Chair, and Elizabeth Cheadle, Chair. The following members were absent: Ed Begley, Jr., Edward Albert, Lindsey Kozberg, Steve Horn, and Jeffrey Schwartz. Quorum present.

3. Roll call of Advisory Committee.

The Advisory Committee roll was called and the following members were present: Colleen Briner-Schmidt, Dave Brown, Lesley Devine, Terre Hirsch, John Karayan, Clare Marter Kenyon, Linda Palmer, Paul Rockenstein, Bruce Saito, Kenneth Warner, George Lange, Vice Chair, and Alan Kishbaugh, Chair. The following member arrived subsequent to roll call: Mark Johnson. The following members were absent: Kathy Caldwell, Thomas Hasse, Patrick Hunter, Charles McKenney, Fran Pavley, Anthony Portantino, Rick Putnam, Don Robinson, and Timothy Wendler. Quorum present.

Staff present: Joseph T. Edmiston, AICP, Executive Director; Belinda Faustinos, Chief Deputy Director; Rorie Skei, Deputy Director of Natural Resources and Planning; Paul Edelman, Chief of Natural Resources and Planning; Walt Young, Chief Ranger, Mountains Recreation and Conservation Authority; Kathleen Bullard, Director of Los Angeles River Center, MRCA; Elsa Luna, Chief of Finance and Administration, MRCA; Katherine Chew, Staff Counsel, MRCA; Kimberly Yanoscik, Executive Secretary, MRCA; and Colby Allerton, Board Secretary, MRCA.

Representing the Office of Attorney General was Nedra Austin.

4. Reports

The Conservancy received a verbal report from the Chairperson.

The Conservancy received a verbal report from the Executive Director.

Comments were made by Mr. Brown and the Executive Director.

The Conservancy received a verbal report from Paul Edelman, Chief of Natural Resources and Planning.

The Conservancy received a verbal report from Walt Young, Chief Ranger of the MRCA.

Questions were propounded to staff by Mr. Lange.

Comments were made by Mr. Young and the Chair.

5. Comments from members of the public on items not on the agenda and public testimony on all agenda items.

Lynn Dwyer, representing North East Trees, on Conservancy and MRCA Los Angeles River projects.

Scott Wilson, representing North East Trees, on the relationship between North East Trees and the Conservancy.

Comments were made by the Executive Director.

6. Presentation and discussion regarding Tujunga Wash Restoration project including design alternatives update.

The Executive Director presented the staff report on this item.

Comments were made by Ms. Bullard, including an introduction of Oralia Michel.

Comments were made by Ms. Michel.

Questions were propounded by Ms. Devine.

Comments were made by Ms. Michel.

7. **Presentation and discussion of the Los Angeles River Integrated Vision for Environmental Restoration (L.A. R.I.V.E.R.) Program, and adoption of schedule for public participation and agency coordination prior to adoption of such program.**

Comments were made by the Executive Director.

A Powerpoint presentation was given by Ms. Faustinos on items 7 and 13.

Questions were propounded to staff by the Chair, Ms. Palmer, and Ms. Devine.

Comments were made by Ms. Devine, the Executive Director, Ms. Marter Kenyon, and the Chair.

On motion of Mr. Daniel, duly seconded, the Chair agreed to assemble a subcommittee to hold several public hearings on this matter.

Questions were propounded to staff by Ms. Palmer, Ms. Devine, and the Chair.

Comments were made by Ms. Faustinos, the Chair, and Ms. Bullard.

8. **Consideration of resolution recommending that the Mountains Recreation and Conservation Authority co-apply with the Los Angeles and Gabriel Rivers Watershed Council for funds from the Safe Drinking Water, Clean Water, Watershed Protection, and Flood Protection Act for local watershed management plans.**

The Executive Director presented the staff report on this item, verbally amending the amount of the grant in the staff report.

Questions were propounded to staff by Mr. Berger.

Comments were made by Ms. Bullard.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Mr. Lange, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-130.

CONSERVANCY CONSIDERATION:

On motion of Mr. Berger, duly seconded, the Conservancy adopted Resolution No. 00-130.

(The full text of these resolutions is attached.)

9. **Consideration of resolution recommending that the Mountains Recreation and Conservation Authority authorize a grant to Northeast Trees for the Arroyo Seco Confluence Park plan.**

The Executive Director presented the staff report on this item.

Questions were propounded to staff by Mr. Brown.

Comments were made by the Ms. Palmer, Mr. Kishbaugh, Ms. Bullard, and Mr. Brown.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Palmer, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-131. Ms. Marter Kenyon was recorded as abstaining.

CONSERVANCY CONSIDERATION:

On motion of Mr. Treanor, duly seconded, the Conservancy adopted Resolution No. 00-131.

(The full text of these resolutions is attached.)

10. **Consideration of resolution recommending that the Mountains Recreation and Conservation Authority allocate funds, by grant or contract to conduct planning studies for Confluence Park and adjacent areas, including Chinatown Yard.**

The Executive Director presented the staff report for this item.

Questions were propounded to staff by Ms. Devine and Ms. Marter Kenyon.

Comments were made by the Executive Director, Ms. Devine, Ms. Marter Kenyon, Mr. Treanor, and Ms. Dwyer.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Marter Kenyon, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-132.

CONSERVANCY CONSIDERATION:

On motion of Mr. Treanor, duly seconded, the Conservancy adopted Resolution No. 00-132.

(The full text of this resolution is attached.)

- 11. Consideration of resolution recommending that the Mountains Recreation and Conservation Authority become the local government sponsor for Northeast Trees for the proposed Los Angeles River Greenway - Taylor Yard to Sunnybrook Drive project.**

The Executive Director presented the staff report for this item.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Palmer, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-133. Ms. Marter Kenyon was recorded as abstaining.

CONSERVANCY CONSIDERATION:

On motion of Mr. Eck, duly seconded, the Conservancy adopted Resolution No. 00-133.

(The full text of this resolution is attached.)

- 12. Consideration of resolution recommending that the Mountains Recreation and Conservation Authority apply for Los Angeles County Proposition A, Los Angeles River projects in the fourth supervisorial district in cooperation with the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy. [Coastal Zone Item]**

The Executive Director presented the staff report for this item.

Questions were propounded to staff by Ms. Devine, Mr. Berger, and Mr. Daniel.

Comments were made by Ms. Faustinos, Ms. Devine, the Chair, and the Executive Director.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Marter Kenyon, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-134.

CONSERVANCY CONSIDERATION:

On motion of Mr. Treanor, duly seconded, the Conservancy adopted Resolution No. 00-134.

(The full text of this resolution is attached.)

- 13. Consideration of resolution recommending that the Mountains Recreation and**

Conservation Authority enter into an agreement with the Los Angeles County Department of Public Works for preparation of a sign plan in cooperation with the San Gabriel and Lower Los Angeles Rivers and Mountains Conservancy. [Coastal Zone Item]

The Chair noted the revised resolution distributed at the meeting.

The Executive Director presented the staff report for this item.

Questions were propounded by Ms. Palmer and the Executive Director.

Comments were made by the Chair, the Executive Director, Mr. Treanor, and Ms. Faustinos.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Palmer, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-135.

CONSERVANCY CONSIDERATION:

On motion of Mr. Daniel, duly seconded, the Conservancy adopted Resolution No. 00-135.

(The full text of this resolution is attached.)

14. **Consideration of resolution recommending that the Mountains Recreation and Conservation Authority acquire APN 5446-013-048 from Guadalupe Leon, 534 W. Avenue 26 and 2325 Huron, Los Angeles as an addition to the Los Angeles River Center and Gardens.**

Questions were propounded to staff by the Chair.

Comments were made by the Executive Director and the Chair.

The Executive Director presented the staff report on this item.

Questions were propounded to staff by Mr. Lange and Mr. Brown.

Comments were made by the Executive Director and Mr. Brown.

15. **Consideration of resolution recommending that the Mountains Recreation and Conservation Authority adopt the final cost allocation plan. [Coastal Zone Item]**

The Executive Director presented the staff report on this item.

Comments were made by the Chair.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Palmer, duly seconded, the Advisory Committee recommended adoption of

Resolution No. 00-136.

CONSERVANCY CONSIDERATION:

On motion of Mr. Eck, duly seconded, the Conservancy adopted Resolution No. 00-136.

(The full text of this resolution is attached.)

16. **Consideration of resolution authorizing mid-year amendments to the Mountains Recreation and Conservation Authority FY 2000-01 budget including a cost of living salary adjustment for all employees. [Coastal Zone Item]**

The Executive Director presented the staff report on this item.

Questions were propounded by Mr. Lange, Mr. Rockenstein, the Executive Director, and the Chair.

Comments were made by Mr. Berger, the Chair, the Executive Director, Ms. Devine, Ms. Faustinos, Mr. Rockenstein, and Ms. Devine.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Mr. Rockenstein, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-137.

CONSERVANCY CONSIDERATION:

On motion of Mr. Berger, duly seconded, the Conservancy adopted Resolution No. 00-137.

(The full text of this resolution is attached.)

17. **Consideration of resolution authorizing, through grants to the Mountains Recreation and Conservation Authority, augmentation of tree planting and at-risk-youth employment programs at The Natural Park, Los Angeles by amending Proposition A tree planting project agreements at East Canyon, Mentryville and the Groves and recommending such grant agreements as may be necessary to carry out this action with Northeast Trees and the Los Angeles Conservation Corps.**

The Executive Director presented the staff report on this item.

Questions were propounded to staff by the Chair and Mr. Lange.

Comments were made by Ms. Briner Schmidt, Ms. Marter Kenyon, the Executive Director, and Ms. Faustinos.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Mr. Lange, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-138. Ms. Marter Kenyon and Mr. Saito were recorded as abstaining.

CONSERVANCY CONSIDERATION:

On motion of Mr. Treanor, duly seconded, the Conservancy adopted Resolution No. 00-138.

(The full text of this resolution is attached.)

18. Consideration of resolution adopting Mulwood Unit and Dry Creek project plan, City of Calabasas and unincorporated area.

The Executive Director presented the staff report on this item.

Questions were propounded by Ms. Devine, Mr. Daniel, the Chair, Mr. Brown, Mr. Edelman, and Mr. Berger.

Comments were made by Ms. Devine regarding amending the classification of a property on the project plan.

Comments were made by Mr. Edelman, Ms. Devine, the Chair, Mr. Brown, and Mr. Kishbaugh.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Palmer, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-139.

Comments were made by Mr. Kishbaugh, including recommending a motion to rescind the previous Advisory Committee vote and vote again to include Ms. Devine's suggested amendment to the project plan.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Palmer to include amendment to the project plan, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-139.

CONSERVANCY CONSIDERATION:

On motion of Mr. Eck, duly seconded, the Conservancy adopted Resolution No. 00-139.

(The full text of this resolution is attached.)

19. Consideration of resolution authorizing grants to the Mountains Recreation and Conservation Authority for acquisition of APN 2080-014-005 within the Mulwood Unit project, City of Calabasas.

The Executive Director presented the staff report on this item.

Questions were propounded to staff by Ms. Devine, Mr. Kishbaugh, Ms. Palmer, and Mr. Berger.

Comments were made by the Executive Director, Ms. Devine, Mr. Edelman, Mr. Harris, and the Chair.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Mr. Brown, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-140.

CONSERVANCY CONSIDERATION:

On motion of Mr. Daniel, duly seconded, the Conservancy adopted Resolution No. 00-140.

(The full text of this resolution is attached.)

20. Consideration of resolution adopting FY 1999-2000 Annual Report. [Coastal Zone Item]

The Executive Director presented the staff report on this item.

Comments were made by Ms. Devine, the Executive Director, and the Chair.

ADVISORY COMMITTEE CONSIDERATION:

On motion of Ms. Marter Kenyon, duly seconded, the Advisory Committee recommended adoption of Resolution No. 00-141.

CONSERVANCY CONSIDERATION:

On motion of Mr. Daniel, duly seconded, the Conservancy adopted Resolution No. 00-141.

(The full text of this resolution is attached.)

21. Minutes

No minutes were presented.

22. Closed Session: (The Conservancy may hold a closed session on the following items pursuant to Section 11126 Subdivision (c)(7)(A), Section 11126.3(a), and Section 11126 Subdivision (e) of the Government Code. Confidential memoranda related to the following items may be considered during such closed session discussions.) Discussion and possible action regarding pending and/or potential litigation: *Village Properties v. Santa Monica Mountains Conservancy et al.; Ramirez Canyon Preservation Fund v. Santa Monica Mountains Conservancy; Save Open Space v. Santa Monica Mountains Conservancy and Mountains Recreation and Conservation Authority; Save Open Space v. Santa Monica Mountains Conservancy and Mountains Recreation and Conservation Authority (Real Parties in Interest); Tucker v. Santa Monica Mountains Conservancy et al.; Tucker v. Mountains Recreation and Conservation Authority et al.; City of Malibu v. Santa Monica Mountains Conservancy.*

No closed session was heard (see minutes of special agenda meeting on this date for closed session regarding items on that agenda).

23. Members comments on matters not on the Agenda.

Comments were made by Mr. Daniel regarding the Coal Canyon opening.

Comments were made by the Chair and the Executive Director regarding the Natural Park.

Comments were made by Mr. Eck regarding the release of the new Santa Monica Mountains National Recreation Area plan.

24. Announcement of future meetings and adjournment.

The Chair announced that the next meeting would be held on January 22nd, 2001, changing the meeting schedule back to the fourth Monday of every month.

There being no further business, the meeting was adjourned at 11:11 p.m.

Respectfully submitted:

Approved:

JOSEPH T. EDMISTON, AICP
Executive Director

ELIZABETH CHEADLE
Chairperson



515 South Figueroa Street
Suite 325
Los Angeles, CA 90071

213.612.0200
213.683.0443 FAX
www.maciasgini.com

April 8, 2004

Samuel E. Hull, CPA, Chief
Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814

RE: Management Letter Reference to MRCA's Cost Allocation Plan

Dear Mr. Hull:

The Cost Allocation Plan (CAP) adopted by the Mountains Recreation and Conservation Authority (MRCA) was prepared in accordance with OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* and generally accepted accounting principals promulgated by the Financial Accounting Standards Board. The purpose of the cost allocation plan is to ensure that each program or activity bears its fair share of indirect costs through the application of an equitable methodology that is consistently applied. The standards require that the methodology must be reasonable and applied consistently to all projects or activities and that the distribution of indirect costs to benefiting projects must be on a base that will produce an equitable result in consideration of the relative benefits derived.

To meet these standards the plan must take into consideration the unique characteristics of an organization. MRCA's stated mission is to strategically buy back, preserve, protect, restore and enhance treasured pieces of Southern California to form an interlinking system of urban, rural and river parks; open space, trails and wildlife habitats that are easily accessible to the general public. As the stewards of lands acquired by the MRCA directly and for the Conservancy, the other major objective is to manage the resources through a maintenance and ranger services program enhanced with interpretive education programs.

As required by the applicable cost accounting principals of OMB Circular A-87 and generally accepted accounting principals, MRCA's CAP identified its final cost objectives for the purposes of allocation of indirect cost. At the time that the CAP was established, Capital Projects (Acquisitions) and Operations were identified as the appropriate final cost objectives to which indirect costs would be equitably allocated.

In the administration, management and operation of its various contracts and programs, the MRCA incurs a variety of costs that include items such as acquisition of land,

improvements to parkland, operation of interpretative education programs, maintenance of parks, administration, rent, equipment purchases, leases and related items. For purposes of this cost allocation plan, such costs are categorized as either direct or indirect according to their relationship to one or more cost objectives. A direct cost is defined as an allowable cost which is incurred for a specific purpose and benefits a final cost objective (i.e., acquisition or operations). Direct costs are charged to the appropriate cost objective (project code) as they are incurred; they are not subject to pooling or subsequent allocation among multiple objectives. Pooled costs are those indirect costs incurred for costs that benefit two or more cost objectives. Such costs are allocated to the respective benefiting cost objective on the basis of total direct costs of acquisitions and operations.

The application of MRCA's CAP is in accordance with the standards of OMB Circular A-87 and results in reasonable allocation of indirect cost to final cost objectives on a consistent basis.

The Department of Finance has asserted that OMB Circular A-87 requires capital expenditures and other distorting items be excluded from the indirect cost allocation calculation. The underling principal of OMB Circular A-87 is "indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived". In a typical service organization that utilizes capital expenditures in the course of performing its objectives, including capital expenditures as part of the basis for allocation may result in a distortion. However, this ignores the unique and specific nature of the activities of MRCA. The primary mission of MRCA is to buy, preserve, protect, restore and enhance properties in Southern California. As such, the primary activity is land acquisitions. Rather than distorting the allocation of indirect cost, the use of acquisition costs as the primary base results in an equitable allocation of indirect costs relative to the benefit (land acquisitions) derived.

The Department of Finance's contention that MRCA overhead costs are excessive or ineffective are unsupported and based on comparisons with organizations with different funding sources and organizational structures. MRCA's CAP is designed to allocate only actual cost incurred that benefit a final cost objective.

The original design of MRCA's CAP intended periodic evaluations of the plan to account for changes in the nature and circumstances of MRCA activities. We are currently in the process of performing the current update. Alternatives to the current methodology of using total direct cost of acquisitions and operations are being evaluated to ensure a continuing equitable allocation of indirect cost.

Sincerely,



James V. Godsey, CPA
Partner



MOSS, LEVY & HARTZHEIM
CERTIFIED PUBLIC ACCOUNTANTS

EXHIBIT 10

PARTNERS:

ROBERT M. MOSS, C.P.A.*
RONALD A. LEVY, C.P.A.*
CRAIG A. HARTZHEIM, C.P.A.*

*DENOTES PROFESSIONAL CORPORATION

802 EAST MAIN
SANTA MARIA, CA 93454
PHONE: (805) 925-2579
FAX: (805) 925-2147

April 1, 2004


Mr. Michael Berger, Chairperson
Mountains Recreation and Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, CA 90065

Dear Mr. Berger:

As you are aware, Moss, Levy and Hartzheim provides independent audits to the Mountains Recreation and Conservation Authority (MRCA). Moss, Levy and Hartzheim has been a certified public accounting firm for over ten years, and our list of clients includes numerous public entities. We have provided an independent audit review of the MRCA for over ten years. Our role as an independent auditor is to provide oversight and accountability on all fiscal and accounting matters in accordance with auditing standards generally accepted in the United States of America. We are in the process of completing the MRCA's audit for the fiscal year 2002/2003.

We have reviewed the audit response dated March 24, 2004 by the Department of Finance and take issue in particular to Finding Number Four. We take issue to the statement of "the corrective actions were not undertaken until after we raised these concerns, indicating that they might not otherwise have been detected and corrected". Our firm addressed the majority of these charges in a letter dated August 11, 2003, as is our responsibility as independent auditors to the MRCA. The charges were questioned and the response given was they were subsequently billed to the State, and then reimbursed appropriately. We have attached our correspondence relating to the Authority's June 30, 2003 audit. Also we have attached our management letters' for the past two audits. If you have any questions regarding this letter, please contact Paul Niedermuller, CPA at (805) 925-2579.

Sincerely,


Ron Levy, CPA
Partner
Moss, Levy and Hartzheim

OFFICES: BEVERLY HILLS • SANTA MARIA • SACRAMENTO

RESPONSE TO AVATAR PROJECT

The Mountains Recreation and Conservation Authority (MRCA) adopted its current cost allocation plan (CAP) in the year 2000. The CAP was developed to address MRCA's unique mission to strategically buy back, preserve, protect, restore, and enhance treasured pieces of Southern California to form an interlinking system of urban, rural, and river parks; open space; trails; and wildlife habitats that are easily accessible to the general public.

As required by the applicable cost accounting principals of OMB Circular A-87 and generally accepted accounting principals, MRCA's CAP identified its final cost objectives for the purposes of allocation of indirect cost. In this case, Capital Projects (Acquisitions) and Operations were identified as the appropriate final cost objectives to which indirect costs would be allocated.

In the case of the Avatar project, two funding sources (Props 12 and 13) were available to fund the cost associated with the acquisition of the property. In accordance with the adopted CAP, indirect costs of 8.99% were allocated to the Avatar project resulting in a total cost of \$9,138,606. Of this amount, \$5,964,707 of direct acquisition cost was charged to the Prop 13 contract and the remainders, including all of the indirect costs, were charged to the Prop 12 agreement.

Indirect cost have been allocated to the Avatar project consistent with the cost allocation plan methodology of allocation of indirect cost to the final cost objective which in this case is the Avatar project not the funding contracts used to acquire the capital project. While the grant guidelines of Prop 13 do not allow for the recovery of indirect cost, legal counsel has advised that the Prop 12 grant from SMMC to the MRCA under Section 5096.353 of the Resources Code provides that the Conservancy may make grants to local agencies for the purposes of acquiring property. The Resources Code Section does not contain restrictive language on the recovery of indirect costs.

Therefore, the total amounts billed under the Prop 13 contract are correct. MRCA's internal accounting records will be revised to show the Prop 13 amount consisting of only direct acquisition cost.



515 South Figueroa Street
Suite 325
Los Angeles, CA 90071

213.612.0200
213.683.0443 FAX
www.maciasgini.com

April 9, 2004

Michael Berger, Chairperson
Mountains Recreation and Conservation Authority
5810 Ramirez Canyon Road
Malibu, California 90265

RE: Response to Avatar Project

Dear Mr. Berger:

At your request, we have reviewed the Department of Finance's management letter relating to the Avatar project. The following comments are based on our review of the finding and clarifications received from MRCA staff.

The Mountains Recreation and Conservation Authority (MRCA) adopted its current cost allocation plan (CAP) in the year 2000. The CAP was developed to address MRCA's unique mission to strategically buy back, preserve, protect, restore and enhance treasured pieces of Southern California to form an interlinking system of urban, rural and river parks; open space, trails and wildlife habitats that are easily accessible to the general public.

As required by the applicable cost accounting principals of OMB Circular A-87 and generally accepted accounting principals, MRCA's CAP identified its final cost objectives for the purposes of allocation of indirect cost. In this case, Capital Projects (Acquisitions) and Operations were identified as the appropriate final cost objectives to which indirect costs would be allocated.

In the case of the Avatar project, two funding sources (Props 12 and 13) were available to fund the cost associated with the acquisition of the property. In accordance with the adopted CAP, indirect costs of 8.99% were allocated to the Avatar project resulting in a total cost of \$9,118,783. Of this amount, \$5,964,707 (representing \$5,922,000 of grant funds and \$42,707 of interest earned) of direct acquisition cost was charged to the Prop 13 contract and the remainder, including all of the indirect costs, were charged to the Prop 12 agreement.

Indirect cost have been allocated to the Avatar project consistent with the cost allocation plan methodology of allocation of indirect cost to the final cost objective which, in this case, is the Avatar project, not the funding contracts used to acquire the capital project. While the grant guidelines of Prop 13 do not allow for the recovery of indirect cost, legal counsel has advised that the Prop 12 grant from SMMC to the MRCA under Section

5096.353 of the Resources Code provides that the Conservancy may make grants to local agencies for the purposes of acquiring property. The Resources Code Section does not contain restrictive language on the recovery of indirect costs.

Therefore, the total amounts billed under the Prop 13 contract are correct. MRCA's internal accounting records will be revised to show the Prop 13 amount consisting of only direct acquisition cost.

Sincerely,

A handwritten signature in black ink, appearing to read "J V Godsey".

James V. Godsey, CPA
Partner

SANTA MONICA MOUNTAINS CONSERVANCY

LOS ANGELES RIVER CENTER AND GARDENS
570 WEST AVENUE TWENTY-SIX
LOS ANGELES, CALIFORNIA 90065
PHONE (323) 221-8900 FAX (323) 221-9001

Meeting Notice and Agenda**Santa Monica Mountains Conservancy**

* * *

**Santa Monica Mountains Conservancy
Advisory Committee**

Jerome C. Daniel, Chairperson, Designee of Hon. Zev
Yaroslavsky, Los Angeles County Board of Supervisors

Elizabeth A. Cheadle, Vice Chairperson, Public Member,
Appointed by the Senate Rules Committee

Woody Smeck, Superintendent, Santa Monica Mountains
National Recreation Area

Edward J. Begley, Jr., City of Los Angeles

Hal Ross, Public Member, Appointed by the Governor

Jonathan Zasloff, Public Member, Appointed by the
Speaker of the Assembly

Hon. Linda Parks, Supervisor, Ventura County, Appointed by the
Board of Supervisors

Heather Barnett, Designee of Secretary for Resources, Resources
Agency of California

Hayden Sohm, Acting Superintendent, Angeles District of the
California Department of Parks and Recreation

Edward Albert, Ex-Officio Member, California Coastal
Commission

David Allgood, Alternate for Edward Albert, Ex-Officio Member,
California Coastal Commission

Steve Horn, Ex-Officio Member, State Coastal Conservancy

Jody Cook, Ex-Officio Member, Supervisor, Angeles National
Forest

Senator Sheila Kuehl, Legislative Member

Senator Gloria Romero, Legislative Member

Senator Jack Scott, Legislative Member

Assemblymember Jackie Goldberg, Legislative Member

Assemblymember Paul Koretz, Legislative Member

Assemblymember Fran Pavley, Legislative Member

Joseph T. Edmiston, FAICP, Executive Director

Rorie A. Skel, Chief Deputy Director

John A. Saurenman, Supervising Deputy Attorney General

Nedra E. Austin, Deputy Attorney General

Date: Monday, April 28, 2003

Time: 7:30 p.m. — Meeting Convenes
Public Testimony 8:00 p.m. to conclusion or 9:00 p.m.
— whichever is earlier; Conservancy and Advisory
Committee deliberations — 9:00 p.m. or at the
conclusion of the public testimony to adjournment.

Location: Conejo Recreation and Park District (CRPD)
Hillcrest Center
403 West Hillcrest Drive
Thousand Oaks, California 91360

Field Trip: Meet at the Conejo Recreation and Park District
Offices at 4:30 p.m. for a tour of Conejo open space
sites. *In order to reduce costs, members of the public
will not be afforded transportation on field trips, but are
welcome to follow in private vehicles.*

EXHIBIT 12**Directions to Meeting:**

From the 101 Freeway northbound: Exit Lynn Road and turn right. Make a right turn on Hillcrest Drive. Make a left turn onto McCloud Avenue. Make an immediate right turn and continue up driveway passed the National Park Service offices to the CRPD parking lot. Follow signs to meeting location.

From the 101 Freeway southbound: Exit Lynn Road and turn left. Make a right turn on Hillcrest Drive. Make a left turn onto McCloud Avenue. Make an immediate right turn and continue up driveway passed the National Park Service offices to the CRPD parking lot. Follow signs to meeting location.

Dinner: A light box supper will be available at 6:00 p.m. for purchase by Conservancy and Advisory Committee members and the general public for \$5.00. Members of the public wishing to purchase a box lunch should notify the Board Secretary by 3:00 p.m. the Friday prior to the meeting by calling (310) 589-3200 ext. 118.

1. Call to Order.
2. Roll Call of Conservancy.
3. Roll Call of Advisory Committee.
4. Introduction of Legislative Representatives.

5. Minutes.
6. Reports:
 - a) Chairperson's Report;
 - b) Coastal Commission Report;
 - c) Attorney General's Report;
 - d) National Park Service Report;
 - e) State Parks Report;
 - f) Forest Service Report;
 - g) Legislative Report;
 - h) Oral reports by staff;
 - i) Questions to staff.
7. Special recognition of former Conservancy Board member Russell Guiney.
8. Special recognition of Advisory Committee member Colleen Briner-Schmidt.
9. Members comments on matters not on the agenda.
10. Comments from members of the public on items not on the agenda and public testimony on all agenda items.

Note: The period between 8:00 p.m. and 9:00 p.m. has been set aside for public testimony. No public testimony will be taken after 9:00 p.m. The public hearing begins at 8:00 p.m. In the event that all speakers have been heard prior to 9:00 p.m., or upon completion of public hearing, whichever occurs first, the public hearing will be closed and the Conservancy and Advisory Committee deliberations will begin. Individuals will be allowed three minutes to speak and representatives of organizations/agencies will be allowed five minutes to speak. Speaker times may be reduced depending on the number of speakers.

11. Consent Calendar:
 - (a) Consideration of resolution authorizing a comment letter to the City of Santa Clarita on the Notice of Preparation of a Draft Environmental Impact Report for Lyon's Ranch, unincorporated Santa Clarita area.
 - (b) Consideration of resolution augmenting grant agreement SMM-6118 with the Mountains Recreation and Conservation Authority for emergency preparedness equipment using Proposition 12 funds.
 - (c) Consideration of resolution recommending that the Mountains Recreation and Conservation Authority augment the Corral Canyon Trailhead and Trail project budget with additional funding from Proposition A 1996 funds.*
 - (d) Consideration of resolution recommending that the Mountains Recreation and Conservation Authority acquire approximately 3.7 acres (APN 4456-037-045) along Piuma Road, using Proposition A 1996 funds, unincorporated Malibu area.*
 - (e) Consideration of resolution recommending that the Mountains Recreation and Conservation Authority acquire approximately 1.4 acres (APN 4456-037-023) along Piuma Road, using Proposition A 1996 funds, unincorporated Malibu area.*
 - (f) Consideration of resolution recommending that the Mountains Recreation and Conservation Authority (1) enter into grant agreements with the State Coastal Conservancy; (2) accept the terms and conditions of the subject grant agreements, and (3) authorize acceptance of grant funds from the State Coastal Conservancy for the Lower Topanga Canyon Arundo and Non-Native Plant Eradication Project, unincorporated Los Angeles County.*
 - (g) Consideration of resolution recommending that the Mountains Recreation and Conservation Authority accept the following offers to dedicate: Morford / P-80-6995 (APNs 4471-008-004 and 005), located north of the Backbone Trail and west of Kanan Dume Road, unincorporated Los Angeles County; Stewart / 5-81-532 (APN 4457-021-015), located near Corral Canyon, unincorporated Los Angeles County, and Mellein / 5-81-338 (APN 4456-037-001), located near Malibu Canyon, unincorporated Los Angeles County.*

- (h) Consideration of resolution authorizing a Memorandum of Understanding with the Los Angeles County Department of Parks and Recreation for partnership and promotion of "Creating Community through People, Parks, and Programs."
 - (i) Consideration of resolution rescinding Resolution No. 02-171 and authorizing a grant of Proposition 40 funds to the Mountains Recreation and Conservation Authority for the California Institute of Public Affairs Urban Outreach Strategy Project.
- 12. Report on measures to reduce costs for Conservancy meetings.
 - 13. Consideration of resolution authorizing mid-year amendments to the Mountains Recreation and Conservation Authority Fiscal Year 2002-03 budget.*
 - 14. Consideration of resolution adopting the Verdugo Mountains-Big Tujunga Wash Wildlife Corridor Project Plan.
 - 15. Consideration of resolution authorizing the addition of the Verdugo Mountains-Big Tujunga Wash Wildlife Corridor project to the Land Acquisition Workprogram 2000, and authorizing grants of Proposition 12 and Proposition 40 funds to the Mountains Recreation and Conservation Authority to acquire approximately 2.2 acres (APNs 2547-018-008, 009 and 010) in the Verdugo Mountains, Los Angeles.
 - 16. Consideration of resolution recommending that the Mountains Recreation and Conservation Authority transfer to the National Park Service, the approximately 106-acre Abrams property (APNs 2063-008-025 and 2064-006-004), and the approximately 425-acre Potomac Property (APNs 2052-009-900; 2055-010-901, and 2052-001-901) in Liberty Canyon, Agoura Hills.
 - 17. Consideration of resolution recommending that the Mountains Recreation and Conservation Authority accept an approximately 10 acre conservation easement (portion of APN 2543-021-017) from Parcel Map No. AA-2001-3944-PMLA, 10300 Wornom Avenue, Shadow Hills area, Los Angeles.
 - 18. Consideration of resolution entering into an agreement with the State Coastal Conservancy for projects of the Santa Monica Bay Restoration Project outside the Coastal Zone but within the Santa Monica Mountains Zone.
 - 19. Consideration of resolution recommending that the Mountains Recreation and Conservation Authority accept a 6.81-acre dedication from the Gary B. Blackwell and Dana L. Blackwell Living Trust, Parcel A of Ventura County Parcel Map No. 5286, portion of APN 519-0-082-05, and enter into a Memorandum of Understanding with the Conejo Open Space Conservation Agency for the management of said property, unincorporated Santa Rosa Valley area.
 - 20. Consideration of resolution recommending that the Mountains Recreation and Conservation Authority authorize acceptance of an offer to dedicate approximately 27 acres in La Tuna Canyon, Tract No. 38056 (Rancho La Tuna Estates), Los Angeles.
 - 21. Consideration of resolution authorizing a grant of Proposition 12 funds and Santa Monica Mountains Conservancy funds for the acquisition of the Corralitas-Red Car Property (APN 5438-006-004; 5438-007-001 and 002; 5440-024-039; 5440-030-028 and 029), Los Angeles.
 - 22. Legislation: Consideration of resolution authorizing support of Senate Bill 493 (Cedillo).
 - 23. Closed Session: (The Conservancy may hold a closed session on the following items pursuant to Section 11126 Subdivision (c)(7)(A), Section 11126.3(a), and Section 11126 Subdivision (e) of the Government Code. Confidential memoranda related to the following items may be considered during such closed session discussions.) Discussion and possible action regarding pending and/or potential litigation: *Parkerv. Santa Monica Mountains Conservancy and Mountains Recreation and Conservation Authority*; *City of Malibu v. California Coastal Commission, Santa Monica Mountains Conservancy et al.*; *Ramirez Canyon Preservation Fund v. California Coastal Commission*.
 - 24. Announcement of future meetings and adjournment.

*Coastal Zone item upon which the ex officio member appointed by the California Coastal Commission may vote.

MRCA NOTICE: The Governing Board of the Mountains Recreation and Conservation Authority will hold a special meeting pursuant to Section 54956 of the Government Code in conjunction with the Conservancy meeting.

Note: In order to save the expense of duplicating and mailing written materials, the Conservancy and Advisory Committee members will receive meeting materials electronically. Staff reports and other documents will not be mailed to the members nor will they be sent to local public libraries. Most libraries have internet access so the public will continue to have free access to meeting materials on the Santa Monica Mountains Conservancy World Wide Web site at <http://www.smmc.ca.gov>. Prior to the meeting, documents that persons would like forwarded to Conservancy and Advisory Committee members must be submitted in Microsoft Word format (MSWord 97 for Windows or above) via e-mail no later than 3:00 p.m. the Friday prior to the Conservancy meeting. Such materials should be sent to boardsec@smmc.ca.gov and in the subject line identify the agenda item number or other subject of the communication. At the meeting the Conservancy and Advisory Committee will accept written communications (46 copies should be submitted in order to have one for each Conservancy and Advisory Committee member, a copy for the Board Secretary, and a public review copy).

The Conservancy may hold a closed session on any public hearing item pursuant to Section 11126 Subdivision (c)(7)(A), Section 11126.3(a) and Section 11126 Subdivision (e) of the Government Code.

For further information on any agenda item please contact Rorie Skei, Chief Deputy Director, at (310) 589-3200, extension 112.

The Santa Monica Mountains Conservancy's agendas are now available on the World Wide Web at <http://www.smmc.ca.gov>.

In accordance with the Americans with Disabilities Act of 1990, if you require a disability related modification or accommodation to attend or participate in this meeting, including auxiliary aids or services, please call Board Secretary at 310-589-3200, extension 118, at least five days prior to the meeting.



MOUNTAINS RECREATION & CONSERVATION AUTHORITY
Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9934

EXHIBIT 13

MEMORANDUM

DATE: March 30, 2004
TO: Reva Feldman
FROM: Simon Maguire, Mountains Recreation and Conservation Authority
RE: PC Support – Past support call for Joe Edmiston

Dear Reva,

In regards to a PC support call placed by Joe Edmiston on Friday 11th April, 2003 with dial-up connectivity issues from Cancun, Mexico, I can confirm that Earthlink was unable to provide international dial-up access from that location for Joe.

If you have any questions regarding this support issue, please don't hesitate to contact me at anytime.

Sincerely,

Simon Maguire
Network Project Manager



MOUNTAINS RECREATION & CONSERVATION AUTHORITY
Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9934

M E M O R A N D U M

DATE: April 12, 2004
TO: Mr. Samuel Hull
FROM: Michael Berger
RE: Exhibit 14

Mr. Edmiston's letter (Exhibit 14) will be sent directly to Mr. Hull.



MOUNTAINS RECREATION & CONSERVATION AUTHORITY

Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9934

MEMORANDUM

Date: April 12, 2004
To: Memo to File
Fr: Reva Feldman, Chief Operating Officer

The documents attached as Exhibit 15 and Exhibit 16 are examples of the level of documentation that the Mountains Recreation and Conservation Authority (MRCA) requires from employees on loan to the Resources Agency for charges incurred for travel or other like expenses.

The documentation required from employees on loan to the Resources Agency is consistent with the documentation required from all MRCA employees for charges incurred for travel or other like expenses.

REQ' SITION

THE MOUNTAINS RECREATION & CONSERVATION AUTHORITY

REQ. NO. _____

DATE 3/28/03

EQUIPMENTED BY Heather Bennett

NAME Amex - Heather Bennett

P.O. NO. _____

DELIVER ON OR BEFORE _____

SHIP TO LOCATION _____

ORDER PLACED/MAILED BY _____

DATE

ACCOUNT NO.	PROJECT	DESCRIPTION / EXPLANATION	QUAN.	UNIT	UNIT PRICE	COST
10-170-3200-000	725-585	Breakfast per d-m				5
10-170-3200-000	"	Dinner per d-m (\$2.63 repaid to MRCIA)				24
10-170-3205-000	"	transport stc airport to office				11
10-170-3205-000	"	Lunch per d-m				6
10-170-3207-004	Amex	car rental				77
10-170-3207-003	"	Air				185
10-170-3207-002	"	hotel				130
TOTAL = 442.20						

SUB-TOTAL

ACCOUNTING USE ONLY

EXHIBIT 15

4/6/03

TP

I CERTIFY THE ABOVE IS CORRECT AND AUTHORIZE PAYMENT TO THE VENDOR

DATE 3-28-03

SIGNATURE

APPROVALS: [Signature]

SUPERVISOR

1ST. DIVISION CHIEF

VISION CHIEF

EXECUTIVE OFFICER/DEPUTY

RETAIN GOLD COPY FOR YOUR RECORDS • ROUTE ALL OTHER COPIES TO ACCOUNTING



Hilton

Burbank Airport & Convention Center

Page#: 1-

2500 Hollywood Way, Burbank, California 91505

Telephone: 818-843-6000 • FAX: 818-842-9720

IN 03/24 OUT 03/25/03 FOLIO R#B64050

NAME: BARNETT, HEATHER

RATE /118.40

ADDRESS: 570 WEST AVE 25
LOS ANGELES, CA 90065

ROOM 304

TAX
AGENCY

DATE	DESCRIPTION	QTY	UNIT PRICE	TOTAL	TAXES	BALANCE
03/24/03	GUEST ROOM CHARGE	1		110.00		
03/24/03	OCCUPANCY TAX	1		11.00		
03/24/03	C&T TOURISM ASSESSMENT	1		0.10		
03/24/03	GUEST PARKING	1		8.40		
03/24/03	PARKING TAX	1		0.84		
	Subtotals			130.34	0.00	
				BALANCE DUE		\$ 130.34

IN A HURRY? YOU CAN VIDEO CHECKOUT ON YOUR T.V. OR
YOU CAN VOICE MAIL CHECKOUT - JUST CALL 6639!

1

GUEST

FIRM

ADDRESS

CITY

STATE

ZIP

RATES DO NOT INCLUDE APPLICABLE
SALES, OCCUPANCY OR OTHER TAXES

TRANSFER TO CREDIT LEDGER

I AGREE THAT MY LIABILITY FOR THIS BILL IS NOT WAIVED AND AGREE TO BE HELD
PERSONALLY LIABLE IN THE EVENT THAT THE INDICATED PERSON, COMPANY OR
ASSOCIATION FAILS TO PAY FOR ANY PART OR THE FULL AMOUNT OF THESE CHARGES.
"I HAVE REQUESTED WEEKDAY DELIVERY OF USA TODAY. IF REFUSED, A CREDIT OF
\$0.50 WILL BE APPLIED TO MY ACCOUNT."

10-170-3200-000

7005-585

M.C.S. BURBANK, LLC.
Burbank Airport, Ca.
(818) 972-1331

MERCHANT# AX 5041222274

DATE: 3/25/03

TIME: 7:38

TABLE: 247 CHECK: 468

SRVR: 48 YANELY

TRAN: 00035257

ACCT: AX XXXXXXXXXXXX1457

EXDT: 04/03

APPROVED: 589206

AUTH \$ 5.39

TIP \$

TOTAL \$

I AGREE TO PAY ABOVE TOTAL AMOUNT
ACCORDING TO CARD ISSUER AGREEMENT

X
BARNETT/H 0000

TOP COPY-MERCHANT BOTTOM COPY-GUEST

10-170-3200-000
7005-585

BURBANK HILTON HOTEL
LEWS BAR

CHECK: 6312

TABLE: 301/1

SERVER: 304 HACHO

DATE: MAR24 '03 11:36PM

CARD TYPE: AMEX

ACCT #: XXXXXXXXXXXX1457

EXP DATE: XX/XX

AUTH CODE: 560212

H BARNETT

SUBTOTAL: 20.63

GRATUITY 4.00

TOTAL 24.63

X

SIGNATURE

THANK YOU

10-170-3007-004
7005-585

BURBANK AIRPORT

RENTAL RECORD: 238753336

HEATHER BARNETT

COMPLETED BY: 5452

RENTED: BURBANK AIRPORT

RENTAL: 03/24/03 18:46

RETURN: 03/25/03 07:12

MILES IN: 19360 OUT: 19330

MILES DRIVEN: 30

PLAN IN/OUT: TMD0 /TH00

CLS: B

1 DAYS 60.99 60.99

DISCOUNT 20% 12.20

SUBTOTAL 48.79

LIN \$9.00/DAY 9.00

LIS \$10.99/DAY 10.99

FUEL & SVC MI @ .196 5.88

TX 8.250% ON 54.67 4.52

NET DUE 79.18

PAID BY: AMX

CREDIT CARD #: XXXXXXXXXXXX1457

Thank you for renting from

Her+z

10-170-3325-000

7005-585

SuperShuttle

Call (800) BLUE-VAN at least one day
in advance for return reservations

PASSENGER RECEIPT

3/25/2003 9:52:24AM

CONF #:

ADULT: 1

CHILD: 0

SACRAMENTO

95814

PAYMENT TYPE: CC
TOTAL DUE: \$11.00
TOTAL PAID: \$11.00
CHANGE DUE: \$0.00

THIS IS A RECEIPT
NOT VALID FOR TRANSPORTATION

DRIVER GRATUITY NOT INCLUDED IN FARE

10-170-3325-000
7005585

HMS HOST LA SALSA
SACRAMENTO INTERNATIONAL AIRPORT
BIENVENIDO A SACRAMENTO!!!

1032 Jesus Jr

HK 9215 MAR24'03 4:48PM

1 QUESADILLA	4.59
NO MEAT	
1 REG SODA	1.59
Subtotal	6.18
Tax	0.48
Amt Paid	6.66
XXXXXXXXXXXX1457	XX/XX
AMEX A3 37*	6.66

order number is: 9215

10-170-3325-000
7005-585

16-170-3007-003
7005585

Heather Barnett

From: Southwest Airlines [no-reply@mail.southwest.com]
Sent: Thursday, March 20, 2003 10:36 AM
To: heather.barnett@resources.ca.gov
Subject: Ticketless Confirmation

***** !!! IMPORTANT NOTICE !!! *****
**

All Customers are required to bring one of the following,
along with their government-issued photo ID, to proceed
through the security checkpoint.

1. A Boarding Pass or
2. A Security Document and Itinerary/Receipt or
3. A Security Document and Ticket

Retrieve/Print your Security Document in the southwest.com
Travel Center beginning 6:00 AM one day prior to your flight.

To Retrieve/Print your Security Document and for Important
Information needed prior to traveling, visit the Travel Center
at http://www.southwest.com/travel_center

***** RECEIPT AND ITINERARY *****

Receipt and Itinerary as of 03/20/03 12:34PM.

* * * * *
Confirmation Number: 8FAFKM
Confirmation Date: 03/20/03
* * * * *

Received: HEATHER

Passenger(s):
BARNETT/HEATHER 526-2742232312-5

Itinerary:

Monday, March 24 - SACRAMENTO CA(SMF) to BURBANK CA(BUR)
Flight 1794 Y
Depart SACRAMENTO CA(SMF) at 05:30PM and
Arrive in BURBANK CA(BUR) at 06:35PM

Tuesday, March 25 - BURBANK CA(BUR) to SACRAMENTO CA(SMF)
Flight 896 Y
Depart BURBANK CA(BUR) at 08:05AM and
Arrive in SACRAMENTO CA(SMF) at 09:15AM

***** COST *****

Total for 1 Passenger(s)
AIR:\$156.28
TAX:\$17.72
PFC:\$6.00
SECURITY FEE:\$5.00

Total Fare: \$185.00

***** PAYMENT SUMMARY *****

10-170-3325-000, 7005-588

RECEIPT FOR PARKING

AM'T \$10.00
DATE 4-11-03

THANK YOU FOR PARKING
WITH
DOUGLAS PARKING
(510) 444-7412



10-170-3325-000/7005-585
上海菜館
Mandarin Chateau
Chinese Restaurant
970 N. Broadway #114, Los Angeles, CA 90012
Tel: (213) 625-1195



10-170-3325-000
7005-585

FEDERAL APD
AUDITOR 2
FEE COMPUTER

OUT 04/11 11:26
IN 04/11 08:39
FEE 1 \$7.50
TOTAL --> \$7.50
CASH \$10.00
CHANGE \$2.50

THANK YOU!

REQ. NO.

ACQUISITION BY

Karner Henricke

NDQA NO.

NAME _____

44336956wood (f)

Alajma, CA 94558

DELIVER ON OR BEFORE

SHIP TO LOCATION

ORDER PLACED/
MAILED BY _____

DATE _____

[illegible]

AUTHORIZE PAYMENT TO THE VENDOR

T. DIVISION CHIEF:

X

SIGNATURE

DATE _____

SION CHIEF

SION CHIEF

CUTIVE OFFICER/DEPUTY

TAINTAIN GOLD COPY FOR YOUR RECORDS • ROUTE ALL OTHER COPIES TO ACCOUNTING

EXHIBIT 16

FRONT PAGE ONLY

RAMAIDA INN

Am Ex

INN VCU VICTORVILLE CA
RAMADA INN VICTORVILLE
15494 PALMDALE ROAD
VICTORVILLE, CA 92392-2450
(760) 245-6565

Room # 950

Rate Code BN

Room Type M11
Room Rate 78.11

Arrive JAN 14 03:11:10 AM
Depart JAN 17 03:07:10 AM

FRANKIE BARNER

Home Address

15494 Palmdale Road, Suite 1311
Victorville, CA 92392

INTERNET BOOKING
TO INVOICE: NETBOOKER.FEE
PHOENIX

Room

Rate

Room

Costs

Credits

JAN 14
JAN 15
JAN 16
JAN 17

*ROOM CHARGE
OCCUPANCY TAX
AMERICAN EXPRESS

78.11

78.11

the liability for the charges is not valid until the guest has paid the bill in the amount that the individual has agreed to pay.

1/15



MOUNTAINS RECREATION & CONSERVATION AUTHORITY
Los Angeles River Center and Gardens
570 West Avenue Twenty-six, Suite 100
Los Angeles, California 90065
Phone (323) 221-9944 Fax (323) 221-9934

EXHIBIT 17

MEMORANDUM

Date: October 18, 2002
To: All American Express card holders
From: Reva Feldman, Chief Operating Officer
Re: American Express Procedures

Please be advised that the following procedures must be followed when using your American Express card:

1. Each American Express expenditure must have a corresponding receipt.
2. Each receipt must be attached to a requisition.
3. The requisition must be coded properly and filled out properly.
4. The requisition and accompanying receipts must be turned into the **American Express card holder's supervisor**. The supervisor must sign the requisition. The supervisor will then turn the signed requisition into the Finance Department. Requisitions **cannot** be turned directly into the Finance Department without the required approval and signature. For example, you cannot have someone on your staff fill out a requisition for your American Express charges, and then have you sign the requisition authorizing your own charges. The requisition must be sent to the **card holder's supervisor for their signature**.
5. If a receipt has been lost, a memo to file must be turned in with the requisition explaining what the expenditure was for. The memo must be approved and signed by the card holder's supervisor along with the requisition detailing the coding.

If you do not turn in American Express receipts as the expenses are made (i.e. the same week that the expense was made), the Finance Department cannot process the requisitions and make the payment for the account on a timely basis.

If receipts and requisitions are not received by the Finance Department within two weeks following the billing statement date, the card holder's account will be frozen. The card holder's account will be re-activated when the receipts are received by the Finance Department.

If a card holder fails to comply with the above procedures for more than three months, the MRCA reserves the right to ask that their American Express card be returned.

RICHARDS, WATSON & GERSHON

ATTORNEYS AT LAW
A PROFESSIONAL CORPORATION

CRAIG A. STEELE
CSTEELE@RWGLAW.COM

40TH FLOOR
355 SOUTH GRAND AVENUE
LOS ANGELES, CALIFORNIA 90071-3101
(213) 626-8484
FACSIMILE (213) 626-0078

OFFICES IN
LOS ANGELES
SAN FRANCISCO
ORANGE COUNTY

April 12, 2004

Honorable Chair Berger and Members of the Governing Board
Mountains Recreation And Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, California 90065

Re: Additional Fiscal Controls

Honorable Chair Berger and Members of the Board:

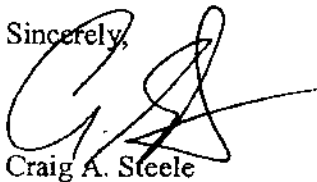
At the request of your staff, I have reviewed a set of organizational and procedural changes proposed to be implemented by the Santa Monica Mountains Conservancy (SMMC) and Mountains Recreation and Conservation Authority. I understand that your accounting firm will review these procedures as well.

As you know, we have previously opined that the MRCA maintains adequate independence and oversight in its operations to permit it to enter into accountable "arms-length" transactions with its members and other entities. However, these additional controls, when implemented in conjunction with the recently approved amendments to the MRCA's joint powers agreement, will enhance the MRCA's independence, accountability and fiscal control. The proposed changes are consistent with the Joint Exercise of Powers Act and the MRCA's joint powers agreement.

Further, from the SMMC's perspective, the enhanced controls will improve SMMC's compliance with the Financial Integrity and State Manager's Accountability Act of 1983 (Government Code §§ 13400, *et seq.*).

If you have any further questions regarding this matter, please contact me.

Sincerely,



Craig A. Steele

cc: Joseph T. Edmiston
Laurie C. Collins



515 South Figueroa Street
Suite 325
Los Angeles, CA 90071

213.612.0200
213.683.0443 FAX
www.maciasgini.com

April 10, 2004

Samuel E. Hull, CPA, Chief
Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814

RE: SMMC and MRCA Organization and Procedural Changes

Dear Mr. Hull:

At the request of the Santa Monica Mountains Conservancy (SMMC) and the Mountains Recreation and Conservation Authority (MRCA), we have reviewed the enclosed organizational and procedural changes prepared by the respective agencies for the purpose of improving internal accounting and administrative control over contracting and grant management.

Based on our current understanding of the organizational structure, type and nature of activities performed and levels of staffing, the attached proposed procedures address the internal accounting and administrative control over contracting and grant management as provided for in Government Code Section 13402.

Sincerely,

James V. Godsey, CPA
Partner

Enclosure: 1

Cc: Michael Berger, Chairperson Mountains Recreation and Conservation Authority
Joseph T. Edmiston, Executive Officer Santa Monica Mountains Conservancy



United States Department of the Interior

NATIONAL PARK SERVICE
Santa Monica Mountains National Recreation Area
401 West Hillcrest Drive
Thousand Oaks, California 91360-4223

IN REPLY REFER TO:

L14(SAMO)

April 9, 2004

Mr. Samuel E. Hull, CPA
Chief, Office of State Audits and Evaluations
Department of Finance
915 "L" Street
Sacramento, CA 95814

Dear Mr. Hull:

I understand the Department of Finance is evaluating the expenditure of certain state bond funds, including grants to the Mountains Recreation and Conservation Authority (MRCA) for the purposes of providing parks and recreation services to the people of California.

As a member of the Santa Monica Mountains Conservancy Board representing the Director of the National Park Service pursuant to the provisions of the Santa Monica Mountains Conservancy Act (Section 33200 of the Public Resources Code), I have direct knowledge and actively participate in the decisions of the Conservancy, including policy direction and award of grants to the MRCA. In this capacity, I have witnessed the tremendous public service and good government delivered by the MRCA.

Both the Santa Monica Mountains Conservancy and MRCA have been indispensable partners in the conservation of open space and parks in the Santa Monica Mountains National Recreation Area of southern California. The MRCA in particular is unique in the country for its ability to conduct and successfully complete some of the most complex land transactions for the benefit of federal, state, and local habitat preservation and parkland objectives. Through its direct efforts, the MRCA has acquired over 40,000 acres of parkland in the Santa Monica Mountains, which provides recreation and other public health benefits to over 15 million residents in the greater Los Angeles Metropolitan area.

In December 1995, the Santa Monica Mountains Conservancy, National Park Service, California State Parks, and MRCA executed a landmark cooperative management agreement to jointly manage parkland and collaborate on conservation and resource education programs in the Santa Monica Mountains. The agreement has resulted in significant operational efficiencies and cost savings by leveraging technical and administrative resources. The partnership was recognized by President Bush during a tour of the area on August 15, 2003 as a national model of cooperation to be emulated by other land conservation organizations.

As superintendent of the Santa Monica Mountains National Recreation Area and network director of national parks in southern California, I cannot overstate the value of MRCA in protecting critical parkland in southern California and administering cost effective public services. It is an organization worthy of recognition and a model to be replicated during these times of decreasing resources and high demand for services.

Thank you for considering these comments during your review. Please let me know if you have any questions at (805) 370-2344.

Sincerely,

A handwritten signature in black ink that reads "Woody Smeck". The script is cursive and fluid, with the first name "Woody" and last name "Smeck" clearly distinguishable.

Woody Smeck
Superintendent

cc: Jerome C. Daniel, SMMC Chair
Michael D. Berger, MRCA Chair

SANTA MONICA MOUNTAINS CONSERVANCY

LOS ANGELES RIVER CENTER AND GARDENS
570 WEST AVENUE TWENTY-SIX, SUITE 100
LOS ANGELES, CALIFORNIA 90065
PHONE (323) 221-8900
FAX (323) 221-9001

EXHIBIT 21

April 12, 2004

Mr. Jerome C. Daniel, Chairperson
Santa Monica Mountains Conservancy
5750 Ramirez Canyon Road
Malibu, California 90265

**Opinion Regarding Matters Raised by Office of State Audits and Evaluations
Management Letter of March 24, 2004**

Dear Chairperson Daniel:

You have asked for an opinion on certain legal issues raised and recommendations made in the Office of State Audits and Evaluations (OSAE) Management Letter dated March 24, 2004. This response is made solely in my capacity as Chief Staff Counsel for the Santa Monica Mountains Conservancy.

QUESTIONS PRESENTED

1. Whether as recommended in Finding 4 the Conservancy should cancel the administrative services contract and refrain from executing any further administrative contracts;
2. Whether the Conservancy has legal authority to award grants for: education and interpretation; project planning and design; Los Angeles River Center Improvements; emergency preparedness; a pre-acquisition study; and to fund a non-profit organization (Finding 5); and,
3. Whether the Conservancy has the legal authority to award grants for: legal expenses related to the acquisition of property; the operation and improvement of Ramirez Canyon Park; and, to defend a validation action; and, make an interest free loan to the Mountains Recreation and Conservation Authority (Finding 7).

CONCLUSIONS

1. There are no legal grounds for canceling the Administrative Services Contract, an agreement contemplated by the Joint Exercise of Powers Act,

the Conservancy Act, and fully approved by DGS, and there is no legal authority that prohibits the Conservancy from entering into a contract with the MRCA in the future.

2. The grants awarded to the Mountains Recreation and Conservation Authority are clearly covered by and consistent with Propositions 12 and 40 and applicable statutory provisions.
3. Neither Proposition 12 nor Proposition 50 disallow expenditures for legal fees necessary to carry out projects. Further, the Conservancy was authorized to make the interest free loan required to preserve the Eastport property pursuant to Public Resources Code Section 33204(b).

DISCUSSION

1. Department of Finance Audit Finding 4 – Whether the Conservancy should cancel the administrative services contract and refrain from executing any further administrative contracts.

The Management Letter recommends that the Conservancy cancel the administrative services contract entered into by and between the Conservancy and the Mountains Recreation and Conservation Authority (MRCA) and to not enter into such contracts in the future. The purpose of the contract is to reimburse the MRCA for state expenses. The discussion in the Management Letter is flawed in several critical respects.

First and foremost, Finding 4 fails to acknowledge that the contract, with all back up including those items questioned by the Department of Finance, was reviewed and approved by Department of General Services (DGS) Legal Services on July 16, 2003. The Management Letter erroneously suggests that it was not.

Second, there are no legal grounds to cancel the contract with the MRCA. In February 2004, as provided by the DGS approved contract, the MRCA sent a revised billing to the Conservancy for payments made on behalf of the Conservancy for legal books for the Executive Director and Chief Staff Counsel, utilities for Conservancy parks, fed-ex charges for Conservancy board books and other like charges.

Third, the Management Letter is drafted without considering the Joint Exercise of Powers Act and the Conservancy Act. This is a fundamental defect in the audit findings and recommendations throughout the Management Letter.

Under the Conservancy Act, the Legislature has specifically conferred on the Conservancy the power to enter into contracts for professional services required by the

Mr. Jerome C. Daniel
April 12, 2004

Conservancy or for performance of work and services which, in its opinion, cannot satisfactorily be performed by its officers and employees or by other officers and employees or by other federal, state, or local governmental agencies. Public Resources Code section 33211(b).

Authority for the validity of the administrative services contract may also be found at Government Code Sections 6514.5 and 11256.

Section 6514.5 (a provision of the Joint Exercise of Powers Act) provides: "Any public agency may enter into agreements with other state agencies pursuant to the provisions of Section 11256."

Section 11256 provides, in relevant part, "(s)ubject to approval of the Director of General Services, state agencies may furnish services, materials or equipment to, or perform work for, other state agencies upon such terms and conditions and for such considerations as they may determine, and subject to such approval, may enter into agreements for such purposes."

Under well established principles of statutory construction, "specific statutes govern general statutes" *San Francisco Taxpayers Assn. v. Board of Supervisors* (1992) 2 Cal 4th 571, 577), and "to the extent a specific statute is inconsistent with a general statute potentially covering the same subject matter, the specific statute must be read as an exception to the more general statute." (*Common Cause v Board of Supervisors* (1989) 49 Cal 3d 432, 443) Sections 6514.5, 11256 and 33211(b) govern here.

For the foregoing reasons, there are no valid legal grounds for canceling the Administrative Services Contract, an agreement contemplated by the Joint Exercise of Powers Act, the Conservancy Act, and fully approved by DGS, and there is no legal authority that prohibits the Conservancy from entering into a contract with the MRCA in the future.

Finally, certain charges called out in Finding 4 were included in the MRCA's billing statement in error and this billing statement was amended to adjust for the error. Contrary to Finding 4 these charges were discovered by the MRCA's independent auditor, Moss, Levy and Hartzheim and reported in the draft findings for fiscal year 2002/2003 in August of 2003.

Many of the charges that Finding 4 states were deleted during the audit were legitimate expenses incurred by state employees on state business that were objected to by Finance auditors because, in their opinion, the charges by-passed states processes. The decision was made to delete the charges based on the level of rancor coming from the Finance

Mr. Jerome C. Daniel
April 12, 2004

auditors that had little to do with the bases for the expenses. The auditors would prefer, for example, that the SMMC pay directly for the numerous Southwest Airline fares to and from Sacramento by paying the extra charges of the state travel agent rather than making a direct purchase from Southwest Airlines.

2. Department of Finance Audit Finding 5 - Whether the Conservancy has legal authority to award grants for: education and interpretation; project planning and design; Los Angeles River Center Improvements; emergency preparedness; a pre-acquisition study; and to fund a non-profit organization.

The Management Letter erroneously states that "some grants do not appear consistent with Bond Acts." However, as explained below, the grants are clearly covered by and consistent with Propositions 12 and 40 and applicable statutory provisions.

Education and Interpretation Grants

The education and interpretation grants have funded docent programs, volunteer programs, camp programs, after school programs, junior ranger programs and brochures for community events at urban parks operated by the MRCA.

Grant Numbers SMM-871 and 895 - Proposition 12

Proposition 12 provides for educational and interpretation programs.

Public Resources Code Section 5096.353 provides:

Funds allocated pursuant to subdivision (p) of Section 5096.310 shall be available to the Santa Monica Mountains Conservancy for...grants to local agencies...**to increase access to parks and recreational opportunities for under served urban communities**, in accordance with the following schedule: thirty-five million dollars (\$35,000,000) to acquire, improve, or restore park, wildlife, or natural areas near or adjacent to units of the state park system wherever such units may be situated within a local jurisdiction within the Santa Monica Mountains Zone or Rim of the valley Trail Corridor.

At Section 5096.302 the legislature found that "Historically, **California's local and neighborhood parks often serve as the recreational, social, and cultural centers** for cities and communities **providing venues for youth enrichment, senior activities, and family recreation.**"

Mr. Jerome C. Daniel
April 12, 2004

Public Resources Code Section 33204.27(a) provides:

The conservancy may award grants to...local agencies for any purposes for which it may award grants to nonprofit organizations pursuant to subdivision (a) of Section 33204.2.

Section 33204.2 provides:

The conservancy may award grants to nonprofit organizations...to carry out educational interpretation programs that directly relate to a project that the conservancy is authorized to undertake pursuant to this division.

Education and Interpretation Grants

Grant Number SMM 6104 - Prop 40

Proposition 40 provides for education and interpretation programs.

Public Resources Code Section 5096.650(b) provides:

The sum of... to the conservancies in accordance with the particular provisions of the statute creating each conservancy for acquisition, development... of land and water resources; for grants..., and in accordance with the following schedule:
(3) To the Santa Monica Mountains Conservancy. . . \$40,000,000.

Section 5096.605(c) defines "development" to include, "but is not limited to, improvement, rehabilitation, restoration, enhancement, preservation, protection, and interpretation."

Public Resources Code Section 33204.27(a) provides:

The conservancy may award grants to...local agencies for any purposes for which it may award grants to nonprofit organizations pursuant to subdivision (a) of Section 33204.2.

Section 33204.2 provides:

The conservancy may award grants to nonprofit organizations...to carry out

Mr. Jerome C. Daniel
April 12, 2004

educational interpretation programs that directly relate to a project that the conservancy is authorized to undertake pursuant to this division.

Friends of the Conservancy Grant

SMM-6109 - Prop 40

The audit letter mischaracterizes this grant. The formation of the Friends of the Conservancy was not funded by the grant. The Friends of the Conservancy was in the process of being incorporated prior to the grant being made. The grant funded the activities of the Friends of the Conservancy, which has as its purpose raising monies to fund MRCA education and interpretation programs.

Section 5096.651 provides:

“In making grants pursuant to subdivisions (a) and (b) [paragraph (2) of which is the Conservancy’s allocation] of Section 5096.650, priority shall be given to projects that include a commitment for a matching contribution. Contributions may be in the form of money, property, or services.”

The Conservancy is authorized to make grants to fund education and interpretation programs from Proposition 40 funds and the grant to fund the Friends of the Conservancy, which was established to raise funds for such programs, comports with the policy of Proposition 40 to find matching funds and is not otherwise disallowed by the Proposition.

Benefit Assessment Pre-Acquisition Study

SMM-917 - Prop 12

The audit letter mischaracterizes this grant. The grant was not awarded to establish a benefit assessment district. The grant funded a pre-acquisition study similar to the Conservancy’s workprogram which is required pursuant to Section 33208 of the Public Resources Code.

The properties addressed in the acquisition study are included in the Engineer’s Reports for the two assessment districts that were formed in the Santa Monica Mountains Conservancy Zone. The formation of these districts provided an 80% local match for acquisitions. The acquisitions contemplated in the Engineer’s Reports qualify

Mr. Jerome C. Daniel
April 12, 2004

for acquisition under Proposition 12.

The assessment districts have been established, bonds have been sold, and this grant has been refunded from assessment district funds.

Emergency Preparedness Grant

SMM-6118 - Prop. 12

The audit letter mischaracterizes this grant. The grant does not fund on-going expenses.

The grant funded a one-time capital purchase of emergency supplies. These supplies are stored at Major Park sites managed by the MRCA and are to be used only in the event of a major disaster, such as an earthquake or terrorist attack, for the sustenance of park visitors and staff. The MRCA recognized that in the event of a major disaster, many of its park sites could serve as aid centers.

Los Angeles River Center Improvement Grant

SMM-6116 - Prop 40

The audit letter does not adequately describe or address public use of the Los Angeles River Center. It further states that the planned kitchen renovation appears in conflict with the bond objectives.

Proposition 40 provides the sum of \$40,000,000 to the Santa Monica Mountains Conservancy pursuant to the Santa Monica Mountains Conservancy Act. The Los Angeles River Park is an urban park with many urban park uses and needs.

Public Resources Code Section 5096.605(c) defines "development" to include, "but is not limited to, improvement, rehabilitation, restoration, enhancement, preservation, protection, and interpretation."

The grant funds were used and will be used in compliance with the above referenced section.

Project Planning and Design Grants

SMM-398, SMM- 6105, SMM - 879, SMM-894 - Prop 12 and Prop 40

Mr. Jerome C. Daniel
April 12, 2004

The auditors' sole justification for criticism of the project planning and design grants is that they are "unusual." But contrary to the finding of the auditors, project planning and design grants are regularly made by state agencies. The State Coastal Conservancy, for example, makes such grants. In any event, the "unusual" principle is not "usually" recognized at law as being a ground for not allowing a grant.

A condition precedent to any successful acquisition program is adequate planning and development of a comprehensive workprogram. The Finance member of the Public Works Board has, on one recent occasion, criticized (without justification) the Conservancy and MRCA for not paying adequate attention to its planning functions. Planning staff of the MRCA study critically threatened properties, wildlife corridors, watershed projects, and the viability of urban properties for park acquisitions. The MRCA assisted in establishing and updating the Conservancy's comprehensive work programs.

Public Resources Code Section 5096.650(b) provides:

The sum of... to the conservancies in accordance with the particular provisions of the statute creating each conservancy **for acquisition, development...** of land and water resources; for grants..., and in accordance with the following schedule: (3) To the Santa Monica Mountains Conservancy. . . . \$40,000,000.

Public Resources Code Section 5096.353 provides:

Funds allocated pursuant to subdivision (p) of Section 5096.310 shall be available to the Santa Monica Mountains Conservancy for ... grants to local agencies...to increase access to parks and recreational opportunities for under served urban communities, in accordance with the following schedule: thirty-five million dollars (\$35,000,000) to **acquire, improve, or restore park, wildlife, or natural areas near** or adjacent to units of the state park system wherever such units may be situated within a local jurisdiction within the Santa Monica Mountains Zone or Rim of the valley Trail Corridor.

Acquisition, development, improvement, and restoration require adequate planning. Section 5096.605 defines the term "acquisition" to mean "obtaining." The Merriam-Webster Collegiate Dictionary (11th ed) defines "obtain" as "to gain or attain by planned action or effort." The planning and design grants fund such activities.

3. Department of Finance Audit Finding 7 - Whether the Conservancy has the legal authority to award grants for: legal expenses related to the acquisition of property; the operation and improvement of Ramirez Canyon Park; and, to defend a validation action; and, make an interest free loan.

I agree with the Audit finding that many of the Conservancy's and the MRCA's legal issues are complex and interrelated with the acquisition of bond-funded properties. I have set out below the fundamentals of the three lawsuits mentioned in the audit letter but with a fuller description of each case and an explanation as to why the expenditure for legal fees were critical to the acquisition of the Eastport property, the defense of public access to and operation and improvement of Ramirez Canyon Park, and the establishment of two assessment districts, which provide an 80% local match for acquisitions which could be made exclusively with state bond funds.

Tucker Land Company vs. MRCA

The Eastport property has been the subject a litigation dating back to the 1980s. Eastport was a critical acquisition and was the single largest privately owned property in the core of the Santa Monica Mountains Zone. It is located adjacent to Topanga State Park.

The MRCA started working on the acquisition of the Eastport property in the early 1990s. The only avenue open to make the acquisition was to acquire the two purchase money notes secured by trust deeds that encumbered the property. The first trust deed is called the Getty note. This note was acquired on terms and paid off with local Proposition A funds. The second trust deed is called the Tucker note. This note was also acquired on terms. At the time of the acquisition, Tucker Land Company, the original note holder, and Eastport Inc. were engaged in litigation over the validity of a tender of consideration. Tucker lost this litigation and the MRCA sought to rescind the note given to Tucker to acquire the Tucker purchase money note. After the rescission action was filed, Tucker settled with Eastport, an action Tucker refused to take prior to the MRCA filing the rescission action. The MRCA also obtained title to the Eastport Property, which had been held captive in a Chapter 11 bankruptcy proceeding for almost a decade, when the bankruptcy was finally converted to a Chapter 7. The MRCA thereafter lost the rescission action and Tucker obtained a judgment which Tucker sought to enforce by in a writ action. Facing the possibility of losing the property in the writ action, the MRCA entered into a settlement with Tucker and gave a deed to the property to Tucker to satisfy the judgment in return for an option to recover title to the property. The MRCA successfully exercised the option and used

Mr. Jerome C. Daniel
April 12, 2004

\$3,000,000 in assessment district funds to pay a portion of the Tucker exercise of option consideration. All attorneys fees questioned in the Management Letter were expended in this complicated action required to preserve the Eastport property. The \$500,000 loan made by the Conservancy to the MRCA is secured by the property and was a payment required by the Court in the writ action and ultimately assisted in the preservation of the property. This loan is authorized pursuant to Public Resources Code Section 33204(b).

City of Malibu vs. SMMC and MRCA

The City of Malibu sued the Conservancy and MRCA to stop public access to Ramirez Canyon Park. The first case was filed while the Conservancy's permit application to the California Coastal Commission was pending. The City sued again when the permit was issued. The improvements as required by the coastal permit were made with bond funds. The improvements to this state owned asset include improvements for an outreach programs for disabled youths and adults, and seniors.

Public Resources Code Section 33211.5 mandates that Conservancy properties remain open to the public and may only be closed when certain natural conditions pose a substantial risk of injury or loss of life. The Conservancy was obligated to fight the City's lawsuit to preserve public access to the park. The MRCA operates Ramirez Canyon Park and runs the Ramirez Canyon Outreach Program.

As stated above Proposition 40 funds may be granted by the Conservancy to local agencies and for all the purposes found in the Conservancy Act. Likewise, Proposition 12 specifically provides for grants to local agencies to increase access to parks and recreational opportunities for underserved urban communities.

BADTAX vs. SMMC and MRCA

The MRCA established two assessment districts, which are funded by an *ad valorem* tax, and which are located in the Santa Monica Mountains Zone. The special assessments raised in the two districts provide for an 80% match within the districts for what would otherwise be 100% state bond funded acquisitions and improvements. This lawsuit is a validation action filed to set aside the two assessment districts. The MRCA and SMMC successfully defended the action, the bonds were sold, and the fees expended for defense were refunded out of the bond proceeds. The bond funds expended to defend the suit were a roughly apportioned share attributable to the 20% general benefit required to match the 80% special benefit. In this case, expenditure of legal fees resulted in savings of bond funds.

Mr. Jerome C. Daniel
April 12, 2004

In summation, Findings 4, 5 and 7 are not supported by law. I intend to request from the Office of the Attorney General an advice letter addressing Findings 5 and 7. Although the Management Letter recommends that the legal opinion on Findings 5 and 7 be requested from Resources Agency Chief Counsel, the Office of the Attorney General is the statutory legal counsel for any matter in which a state agency is interested, and is therefore the appropriate attorney, after myself, to respond to the legal issues raised. (Government Code section 11042.)

Sincerely,

A handwritten signature in blue ink that reads "Laurie C. Collins". The signature is written in a cursive, flowing style.

LAURIE C. COLLINS
Chief Staff Counsel

cc: Joseph T. Edmiston, FAICP, Executive Director
Conservancy Members

CAPITOL OFFICE
STATE CAPITOL, ROOM 3048
SACRAMENTO, CA 95814
TEL (916) 445-3456
FAX (916) 327-8817

DISTRICT OFFICE
617 S. OLIVE ST., SUITE 710
LOS ANGELES, CA 90014
TEL (213) 612-9566
FAX (213) 612-9591

California State Senate

SENATOR
GILBERT CEDILLO

TWENTY-SECOND SENATE DISTRICT



COMMITTEES
REVENUE AND TAXATION, CHAIR
BUDGET AND FISCAL REVIEW
BUSINESS AND PROFESSIONS
GOVERNMENTAL ORGANIZATION
HOUSING AND COMMUNITY DEVELOPMENT
JUDICIARY

SELECT COMMITTEES
IMMIGRATION AND THE ECONOMY, CHAIR
HEALTH CARE FOR ALL CALIFORNIANS
COLLEGE AND UNIVERSITY ADMISSIONS
AND OUTREACH
ECONOMIC DEVELOPMENT

April 2, 2004

Samuel E. Hull
Chief Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814-3706

EXHIBIT 22

Dear Mr. Hull:

This letter is in support of the Santa Monica Mountains Conservancy's Proposition 40 grant to the Mountains Recreation and Conservation Authority for Los Angeles River Center and Gardens Improvements of \$132,888.

The intent of Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 is intended to acquire and develop properties of the state park system, to acquire and develop neighborhood, community, and regional parks and recreational areas, for land, air, and water conservation programs, including acquisition for those purposes, and to acquire, restore, preserve and interpret California's historical and cultural resources.

The Los Angeles River Center and Gardens Improvement grant is consistent with Proposition 40. The improvements that were completed by the MRCA included repairs to several structures, additional exterior lighting, upgraded water features and upgraded irrigation system. MRCA prioritized the improvements based on public safety issues and to improve visitor services.

The Los Angeles River Center & Gardens is in my Senate District and I know first hand that this site has become a focal point for the renewal of the LA River and serves as a prime location for community gatherings, educational conferences and special events year round.

In addition, The Los Angeles River Center and Gardens is a well-known Los Angeles landmark and a local resource that is widely used by community leaders and residents. Local community-based organizations, public environmental organizations, including the North East Trees, Friends of the Los Angeles River, Los Angeles Conservation Corps, LA Works, Studio Arts and the National Park Service are housed at the Los Angeles River Center and Gardens.

Any improvements are important to maintaining the unique features of this treasured facility. I trust that you would give every consideration in allowing the legitimate use of Proposition 40 funds by the Los Angeles River Center and Gardens.

Sincerely,

A handwritten signature in blue ink that reads "Gil Cedillo".

Gilbert A. Cedillo
State Senator, 22nd District



COMMITTEES:

APPROPRIATIONS
BUDGET
HEALTH
PUBLIC SAFETY
WATER, PARKS AND WILDLIFE

Chair, SELECT COMMITTEE ON CHALLENGES
FACING DUAL LANGUAGE COMMUNITIES
BUDGET SUBCOMMITTEE #2
JOINT COMMITTEE TO DEVELOP A
MASTER PLAN FOR EDUCATION
JOINT LEGISLATIVE BUDGET COMMITTEE

**Assembly
California Legislature**

JACKIE GOLDBERG
ASSEMBLY MEMBER, FORTY-FIFTH DISTRICT
CHAIR, ASSEMBLY EDUCATION COMMITTEE

☐ **STATE CAPITOL**
P.O. BOX 942849
SACRAMENTO, CA 94249-0045
(916) 319-2045
FAX (916) 319-2145

☐ **DISTRICT OFFICE**
106 NORTH AVENUE 56
LOS ANGELES, CA 90042
(323) 258-0450
FAX (323) 258-3807

April 2, 2004

EXHIBIT 23

Samuel E. Hull
Chief Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814-3706

Dear Mr. Hull:

I am writing in regards to your examination of Proposition 40 funds allocated by the Santa Monica Mountains Conservancy (SMMC) and your questions regarding the appropriateness of improvements to the Los Angeles River Center and Gardens in my Assembly District. I would like to take this time to define the scope of the project.

Funds allocated for the restoration of the food facility are to provide a training program in the culinary arts for at-risk youth. At the request of the community, SMMC and the California Arts Council are both providing funds necessary for kitchen restoration. SMMC has taken the lead in working closely with community residents and stakeholders to create this community program. This project is in compliance with the goals of Proposition 40.

Furthermore, the Los Angeles River Center and Gardens is widely-used and the home to some of the most active organizations in the City of Los Angeles, such as Friends of the Los Angeles River, Northeast Trees, the Los Angeles Conservation Corps. These organizations bring in hundreds of local residents, including children, to many events relating to conservation efforts, open space, and other environmental issues that concern the surrounding communities.

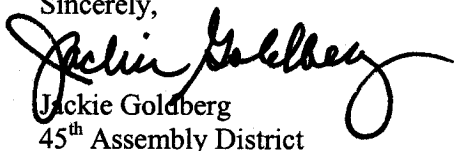
In the past, some community members have voiced concerns that SMMC was not spending resources and time in the inner-city. In recent years, SMMC has worked hard and been successful in making connections with residents, schools, and community organizations. They have been instrumental in acquiring properties in the urban area and converting them into much-needed green space. They are doing work that has not been done for over 20 years in the city of Los Angeles.

It would be a shame if the Department of Finance were to begin questioning the work or hold up contracts for SMMC now that they have become a partner in the efforts to address the needs of low-income people of color.

I urge you to reconsider your determination, and to understand that the improvements of grounds, facilities, and structures at the Los Angeles River Center are consistent with Proposition 40 guidelines and are for the benefit of the community as a whole.

If you have any questions please call me at (916) 319-2045.

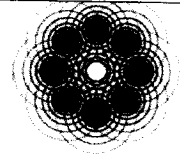
Sincerely,


Jackie Goldberg
45th Assembly District



April 7, 2004

Mr. Joseph Edmiston
Mountains Recreation and Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, California 90065



RE: The Critical Value of Los Angeles River Center & Gardens (LARC)

Dear Mr. Edmiston,

I am writing to express my support for the Los Angeles River Center and Gardens on behalf of the Watershed Council. During the past 3.5 years that I've been Executive Director of this organization, the LARC has been a center for many of our own organization's activities as well as other events associated with the watershed community. I'd like to reference some of those in this letter and communicate to any interested parties how valuable and important the LARC is as a venue for our work and as an asset to the community.

Our Board of Directors meets in the Los Feliz Room of the LARC every other month, and has been doing so – six times each year – for at least the past four or five years of our seven-year existence. It has become our 'home' in a number of ways, and not least among its features is its convenient location and ample free parking; a significant consideration for locational decisions in the Los Angeles area. Moreover, the garden ambience never fails to soothe the soul weary of our normal concrete urban landscape. Indeed, when I interviewed for this job, the interview was held at the LARC and I immediately felt a kinship in it for the kinds of ideals the Council itself holds for the future urban environment. We have subsequently held several other staff interviews at this location, and it never fails to serve as an inspiration.

We also hold Committee meetings at the LARC on a regular basis: our Landscape Ethic Committee normally meets monthly, and our Water Quality Committee meets on the average every other month. If we had to find alternate venues for these meetings, not only would we be constrained by parking and access issues, but we would lose many of the intangible values I've alluded to above.

There have also been many special events and receptions that our organization has sponsored or participated in at the LARC; I would estimate on the average about four times each year. Indeed, it has become a true center-of-gravity for the watershed and river revitalization community; in part because of the particular organizations that are housed there, but also - like for those of us who aren't – for what it represents as a cultural and aesthetic landmark. Again, other venues (such as schools and community centers) may have space, but certainly not the ambience that breeds camaraderie. And the display/exhibit in the entry-hall (where we usually keep literature about our organization) contributes greatly to that ambience.

A couple of years ago, we were instrumental in leading a Water Quality Monitoring event for the Los Angeles River, and the then newly completed gardens at the western end of the property, with its simulated river flow, offered an ideal location for training of volunteers. We have also on several occasions brought field tour groups from 'inner-city' communities to these

THE LOS ANGELES & SAN GABRIEL RIVERS WATERSHED COUNCIL

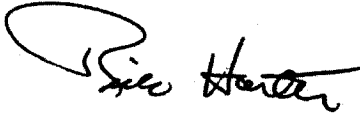
700 N. Alameda Street, Los Angeles, CA 90012 T 213/ 229-9945 F 213/ 229-9952

THE LOS ANGELES & SAN GABRIEL RIVERS
WATERSHED COUNCIL

gardens, both educating and inspiring them about what could be accomplished in their own neighborhoods. Indeed, the fact that this facility itself is located in an older, poorer, 'ethnic' neighborhood, speaks for the kind of transformation that is accomplishable; rather than as an unattainable goal associated with an elsewhere wealthy neighborhood. Moreover, it stands as a testament to regard for historic and aesthetic values in an area that is usually not regarded for such. And as a publicly-owned facility, which is accessible to the neighborhood and to folks from similar neighborhoods, it provides much greater social value than it did in its original incarnation as a restaurant and factory, or in any alternative use as private property or institutional facility.

The LARC stands as a shining example of what I consider the appropriate role for public agencies in resource conservation and in land management: providing a high-quality, well-maintained public asset. We certainly hope that it never goes away, or that short-sighted financial considerations would outweigh the tangible and intangible qualities that make it so valuable in our social and professional lives.

Sincerely,

A handwritten signature in black ink, appearing to read "Rick Harter". The signature is fluid and cursive, with a large loop at the beginning.

Rick Harter,
Executive Director
(213) 229-9950 [direct line]

Cc: Arthur Golding, President

**GLASSELL PARK IMPROVEMENT ASSOCIATION****☒ PO BOX 65881 LOS ANGELES, CA 90065 ☎ www.GPIA.com**

06 APRIL 2004

MR. JOSEPH EDMISTON
MOUNTAINS RECREATION & CONSERVATION AUTHORITY
LOS ANGELES RIVER CENTER & GARDENS
570 WEST AVENUE 26, SUITE 100
LOS ANGELES, CA 90065

DEAR MR. EDMISTON:

ON BEHALF OF THE GLASSELL PARK IMPROVEMENT ASSOCIATION, I WISH TO EXPRESS OUR STRONG SUPPORT FOR THE LOS ANGELES RIVER CENTER & GARDENS.

FOR OVER FOUR YEARS, THE RIVER CENTER HAS HOSTED THE GPIA'S GENERAL MEETINGS, WHICH HAVE DEALT WITH CIVIC, SOCIAL, EDUCATIONAL, ENVIRONMENTAL AND CULTURAL ISSUES. AT ONE MEETING OR ANOTHER, VIRTUALLY EVERY ELECTED OFFICIAL IN NORTHEAST LOS ANGELES HAS SPOKEN BEFORE THE GPIA AT THE RIVER CENTER.

PRIOR TO 2000, THE GPIA HELD ITS MEETINGS AT VICTORY OUTREACH ON EAGLE ROCK BLVD. SINCE THAT TIME, OUR ATTENDANCE - AND MEMBERSHIP - HAVE INCREASED DRAMATICALLY. OUR EVENTS ARE PUBLICIZED THROUGH OUR NEWSLETTER, THE VARIOUS COMMUNITY LIST SERVS AND LOCAL NEWSPAPERS, WHICH REACH THOUSANDS OF PEOPLE IN THE NORTHEAST LOS ANGELES AREA (THE GPIA NEWSLETTER AND LIST SERVS ALONE REACH NEARLY 3,000 PEOPLE).

NOT ONLY HAS THE GPIA'S COMMUNITY VISIBILITY INCREASED, BUT OUR MEETINGS HAVE BROUGHT HUNDREDS OF VISITORS TO THE RIVER CENTER. MANY TIMES, PEOPLE HAVE EXPRESSED THEIR APPRECIATION FOR THE RIVER CENTER'S ROLE IN CYPRESS PARK AND THE GREATER NORTHEAST LOS ANGELES AREA. IN FACT, THE RIVER CENTER IS PROBABLY THE CATALYST FOR THE CURRENT REVITALIZATION UNDERWAY IN THE CYPRESS PARK NEIGHBORHOOD.

THE LOS ANGELES RIVER CENTER & GARDENS IS A REGIONAL "CROWN JEWEL." AND, AS THE AREA CONTINUES TO IMPROVE WITH THE GOLD LINE, THE "LINKAGES" PROGRAM AND THE NEW COMMUNITY DESIGN OVERLAY ZONE, THE LOS ANGELES RIVER CENTER & GARDENS' IMPORTANCE IN NORTHEAST LOS ANGELES' CIVIC LIFE WILL ONLY CONTINUE TO GROW.

WE THANK YOU FOR BEING THERE FOR THE GPIA AND FOR ALL OF NORTHEAST LOS ANGELES.

SINCERELY,

TONY SCUDELLARI, PRESIDENT
GLASSELL PARK IMPROVEMENT ASSOCIATION

"PRIDE IN OUR COMMUNITY"



634 S. Spring Street
Suite 820
Los Angeles, CA 90014
Tel 213.629.2142
Fax 213.629.2259
www.labikecoalition.org
rpm@labikecoalition.org

April 5, 2004

Mr. Joseph Edmiston
Mountains Recreation and Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, California 90065



Dear Mr. Edmiston,

The Los Angeles County Bicycle Coalition (LACBC) is a nonprofit organization that advocates for better conditions for cyclists throughout the County. As part of our efforts, we hold an annual Los Angeles River Ride. More than 1,500 cyclists join us to ride the bike path on the River from Griffith Park to Long Beach.

Along the way, several pit stops are set-up and staffed by our volunteers and others from supporting organizations. Every year we have held the Los Angeles River Ride, the Mountains Recreation and Conservation Authority (MRCA) has been there to help us. The MRCA allows our organization to use the River Center as a place for cyclists to get a drink of water, use the restroom, take a rest or tune up their bicycle at the River Center's bike maintenance area.

Last year, the MRCA's Education Division provided knowledgeable staff who set-up a booth to talk about the Los Angeles River and its revitalization to cyclists. This effort really helped add value to our event.

Additionally, the LACBC has worked with the MRCA to use the River Center as starting point for bicycle tours and free bike maintenance workshops for over five years.

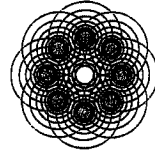
We greatly appreciate having the River Center available and believe it is a great asset that the community could not do without.

Sincerely,

Kastle Lund
Executive Director

December 30, 2003

Mr. Joe Edmiston
Santa Monica Mountains Conservancy
5750 Ramirez Canyon Road
Malibu, CA 90265



RE: Year-end Greetings and Thank You

Dear Joe,

In this year-end Holiday Season, please accept our warmest thoughts and best wishes for you and your organization. The year ending has been filled with opportunities as well as challenges, and we salute the very significant acquisitions and program initiatives that the SMMC/MRCA has been able to accomplish in 2003. We also wish to extend our gratitude for your continuing support of the Watershed Council in many ways, among them contributing to our leadership through Kathleen Bullard's participation as an officer on our Board and contributing to our gatherings by providing space at the Los Angeles River Center & Gardens (LARC) for our Board to meet every other month, along with regular meetings of two other task committees: our Landscape Ethic Committee, which meets monthly, and our Water Quality Committee, which is beginning to settle into a quarterly schedule. These in-kind contributions are significant, and are reflected in our annual financial audit. We especially want to acknowledge and thank Zenia Bray, who handles our facility appointments, and Lisa Soghor, who is doing an exemplary job in providing a warm and inviting atmosphere to all users of the LARC.

I have been very pleased to see the River Center become a hub of river-related activities, just as you and others who assisted in its foundation had intended. Looking forward to 2004, we will all face challenges that are already foreseen and that may test our abilities to function as we have in the past. We suggest that exploring new avenues of cooperation and mutual assistance is a way for both of us, among other collaborators, to address these challenges and we'd very much like to open a dialogue in this regard. Of course, we also look forward to continuing our long-standing and constructive relationship.

Best wishes for a peaceful and joyful Holiday Season and a productive and successful New Year. Best Wishes!

Regards,


Arthur Golding, President

Cc: Kathleen Bullard, Chief of Watershed Division
Lisa Soghor, Chief of LA River Center & Gardens
✓ Zenia Bray, Project Assistant at LA River Center & Gardens

THE LOS ANGELES & SAN GABRIEL RIVERS WATERSHED COUNCIL
700 N. Alameda Street, Los Angeles, CA 90012 T 213/ 229-9945 F 213/ 229-9952

SCENIC ARROYO SECO

April 5, 2004

Mr. Joe Edmiston
Mountains Recreation and Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, CA 90065

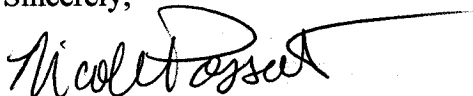
Dear Mr. Edmiston,

I am writing to express my support and admiration for the Los Angeles River Center and Gardens on behalf of the Arroyo Seco Parkway National Scenic Byway and Scenic Arroyo Seco. For the last 2 years, we have had the privilege of receiving overwhelming support from the staff at MRCA and the use of this wonderful facility whenever needed as a community service. We have hosted numerous meetings and special events at the River Center. Why the River Center? Because everyone knows it, its location is easy and central, and folks from all walks of life feel comfortable and welcome, in addition to being provided as a free community service most times.

The River Center has become a community cultural center since it was saved from the wrecking ball and became the center of the community again. And, when I mean community, not only do I see this place providing a sense of place for Cypress Park but it has become a gathering place also for all the communities of Northeast Los Angeles, regionally for Pasadena, Glendale and as far away as the westside of Los Angeles. For the greater Los Angeles environmental community, it has become the anchor for active life and brought the movement "east" and includes support for key organizations such as North East Trees and Friends of the Los Angeles River.

With the opening of the Metro Gold Line, access to the River Center is enhanced, especially for the highly transit-dependent residents in Los Angeles. Community life would not be the same without the Los Angeles River Center and Gardens and I thank you and the MRCA for creating it and sustaining it so very well for the benefit of the State of California, but especially for the local community that desperately needed a quality place like this.

Sincerely,



Nicole Possert
Marketing and Community Outreach Consultant

cc: Dan Marriott, National Trust for Historic Preservation

124 Roselawn Place • Los Angeles, Calif. 90042
(323) 255-5792 (323) 255-5090 fax

MOUNT WASHINGTON HOMEOWNERS ALLIANCE



Officers

Victoria Tanaka
President
(323) 223-0944

Daniel Wright
VP Action
(323) 223-4797

Patty Newton
VP Programs
(323) 342-0171

Mark Kenyon
VP Land Use
(323) 227-6491

Susanne Brody
VP Hospitality
(323) 222-8341

Michelle Litchfield
VP Membership
(323) 276-0172

Lauri Mraz
Secretary
(323) 222-1970

Ruth Mehninger
Treasurer
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Chris Howard
Parliamentarian
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Steve Rank
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Stan Sosa
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Dee Shaddock
(323) 225-4767

Judith Dankoff
(323) 225-5633

Pam McClure
(323) 343-9871

Michelle LeBleu
(323) 221-2854

April 7, 2004

Mr. Joe Edmiston
Mountains Recreation and Conservation Authority
Los Angeles River Center and Gardens
570 West Avenue 26, Suite 100
Los Angeles, California 90065

RE: Appreciation for the Los Angeles River Center & Garden

Dear Mr. Edmiston:

I am writing to express our enthusiastic support for the Los Angeles River Center and Gardens on behalf of the Mount Washington Homeowners Alliance. The Center is an important facility and resource within our greater community.

We remember the tremendous effort that went into saving the former Lawry Restaurant and Gardens from destruction when Home Depot acquired the property for development. Many of the members of our Alliance, 650 members strong, participated in workshops and wrote legislators to save this community resource from destruction. Out of that process, the Los Angeles River Center and Gardens were preserved.

Prior to the opening of the River Center, organizations that many of our members belong to used the Carlin G. Smith Recreation Center and the Ramona Hall Recreation for organizational meetings. In several occasions since the opening of the River Center, the Alliance has sponsored meetings held at this facility. The staff is friendly and the facility one of the few in the community large enough to meet our meeting size needs.

Additionally, we are aware of the important role that the River Center plays in the surrounding Cypress Park community. Children from the community have attended classes to learn about the river and restoration of habitat for wildlife. The Center is home to Northeast Tree and other important community organizations working to improve the quality of life in Northeast LA.

Exciting new developments are on the horizon. The millions of dollars of state bond funds are about to be invested in nearby Taylor Yard to convert the former rail yard into the most significant new state park in Los Angeles in many years. As Taylor Yard is adjacent to the Los Angeles River, bike and hiking paths and interpretive trails are

planned in the near future. The Los Angeles River Center has an important role to play in connection with increasing awareness and educating the public about the river's ecosystem.

As millions of dollars of state bonds are dedicated to the capital development of this incredible new park, the temporary shortfall in operational funding at the state threatens the continuity and sustainability of what has been built so far.

It is our understanding that the temporary budget crisis places funding for the Los Angeles River Center at risk. We cannot imagine a more short sighted and unfortunate circumstance than the possible cutting of operational funds for the River Center at this critical time.

We stand in support of the River Center and call upon our state leaders to come together to find sufficient revenue and cost efficiencies to preserve important community facilities such as the Los Angeles River Center and Gardens.

Most sincerely,

Victoria Tanaka,
President of the Alliance

cc: State Senator Gil Cedillo
Assemblymember Jackie Goldberg

Los Angeles County Children and Families First Proposition 10 Commission

August 23, 2000

Commissioners

Supervisor Gloria Molina
Chair

Neal Kaufman, M.D.
Vice Chair

Jane Boeckmann

Alice Walker Duff, Ph.D.

Mark Finucane

Rose Kauffman

Elizabeth Lowe

Marvin J. Southard, D.S.W.

Maria Veloz

Ms. Zenia Bray
Los Angeles River Center and Garden
570 West Avenue 26,th Suite 100
Los Angeles, CA 90065

Zenia:
Dear Ms. Bray,

Thank you for allowing us to use your facilities for a Proposition 10 Commission Staff Meeting on August 3, 2000. The conference room and surrounding grounds were enjoyed by those in attendance. We hope to be able to utilize the Los Angeles River Center and Garden again in the future.

Ex Officio Members

Phalen "Chuck" Hurewitz

Jacquelyn McCroskey, D.S.W.

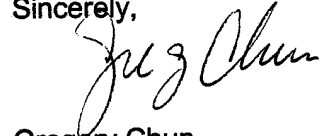
Deanne Tilton

Vivian Weinstein

Executive Director

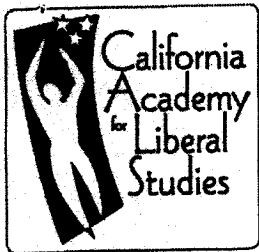
Evelyn V. Martinez

Sincerely,



Gregory Chun
Senior Program Officer

Thank you for everything!



REF RODRIGUEZ
Executive Director

CALS Charter Middle School

"Our objective is to ensure every student graduates from high school and is prepared for college success."

NIK ORLANDO
Principal

Dear Zenia,

Thank you so much for your time and help in helping us with our school events this year. We aspire to have many partnerships with the community and we have enjoyed our relationship with the River Center.

If there is anything else you need from us to confirm our space for both March 18th, 2004 or June 17th, 2004, please contact me at your earliest convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "Nik Orlando", written over a horizontal line.

Nik Orlando
Principal
CALS Charter Middle School



Myasthenia Gravis
Foundation
of California

RECEIVED

JUL 17 2000

MOUNTAINS RECREATION
& CONSERVATION AUTHORITY
MALIBU

We Offer Hope As Well As Help....

- Research
- Medical Education
- Patient Services
- Drug Bank

July 14, 2000

Ms. Kathleen Bullard, Director
Los Angeles River Center and Gardens
570 West Avenue Twenty Six, Suite 100
Los Angeles, CA 90065

Dear Ms. Bullard:

On behalf of the Myasthenia Gravis Foundation of California, thank you for allowing our organization to host its Annual Meeting at Los Angeles River Center and Gardens. Our June 11th event was very successful and especially enjoyable for our MG patients.

Since we are a grassroots organization with a limited budget, we appreciate every opportunity to keep our meeting costs low. We are grateful to the Los Angeles River Center and Gardens for understanding our need to conserve funds.

Thank you for returning our deposit. Enclosed is a receipt verifying that we received your check.

Sincerely,

Lois Pedersen, M.S.
Executive Director

Enclosure

LGP:mp



CITY OF LOS ANGELES

CALIFORNIA



ARROYO SECO NEIGHBORHOOD COUNCIL OFFICERS

PRESIDENT
Pat Griffith
VICE-PRESIDENT
Ida Simms
SECRETARY
Samantha Allen
TREASURER
John Acosta
REGISTRAR
Rob Schraff

ARROYO SECO NEIGHBORHOOD COUNCIL

C/O Department of Neighborhood
Empowerment
3516 N. Broadway
Los Angeles, CA 90031

TELEPHONE: (866) LA-HELPS
FAX: (323) 224-2322

April 8, 2004

Joe Edmiston, Executive Director
Santa Monica Mountains Conservancy
2600 Franklin Canyon Drive
Beverly Hills, CA 90210

Dear Mr. Edmiston,

On behalf of the Arroyo Seco Neighborhood Council, I would like to express our support for the Los Angeles River Center and Gardens

Throughout the period we used to form the Arroyo Seco Neighborhood Council, we held most of our community outreach meetings at the River Center, often attended by over a hundred stakeholders. We also held many smaller committee meetings in the Los Feliz room, which comfortably allowed groups of up to approximately 50 people to meet.

Northeast Los Angeles has few community meeting sites, as well as few sites suitable for renting out for celebrations or events. The River Center has seemed to us well used and fulfills a valuable niche, which allows our community to host a large variety of events in beautiful surroundings. It also houses several organizational headquarters, such as Northeast Trees, an organization that is well respected and plays an important conservation role in our community.

We urge you to keep the Los Angeles River Center open for the community.

Sincerely,

Pat Griffith
President
Arroyo Seco Neighborhood Council

California State Senate

DISTRICT OFFICE
617 S. OLIVE ST., SUITE 710
LOS ANGELES, CA 90014
TEL (213) 612-9566
FAX (213) 612-9591

SENATOR
GILBERT CEDILLO
TWENTY-SECOND SENATE DISTRICT



COMMITTEES
REVENUE AND TAXATION, CHAIR
BUDGET AND FISCAL REVIEW
BUSINESS AND PROFESSIONS
GOVERNMENTAL ORGANIZATION
HOUSING AND COMMUNITY DEVELOPMENT
JUDICIARY

SELECT COMMITTEES
IMMIGRATION AND THE ECONOMY, CHAIR
HEALTH CARE FOR ALL CALIFORNIANS
COLLEGE AND UNIVERSITY ADMISSIONS
AND OUTREACH
ECONOMIC DEVELOPMENT

April 2, 2004

Samuel E. Hull
Chief Office of State Audits and Evaluations
Department of Finance
915 L Street
Sacramento, CA 95814-3706

Dear Mr. Hull:

This letter is in support of the Santa Monica Mountains Conservancy's Proposition 40 grant to the Mountains Recreation and Conservation Authority for Los Angeles River Center and Gardens Improvements of \$132,888.

The intent of Proposition 40, the California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 is intended to acquire and develop properties of the state park system, to acquire and develop neighborhood, community, and regional parks and recreational areas, for land, air, and water conservation programs, including acquisition for those purposes, and to acquire, restore, preserve and interpret California's historical and cultural resources.

The Los Angeles River Center and Gardens Improvement grant is consistent with Proposition 40. The improvements that were completed by the MRCA included repairs to several structures, additional exterior lighting, upgraded water features and upgraded irrigation system. MRCA prioritized the improvements based on public safety issues and to improve visitor services.

The Los Angeles River Center & Gardens is in my Senate District and I know first hand that this site has become a focal point for the renewal of the LA River and serves as a prime location for community gatherings, educational conferences and special events year round.

In addition, The Los Angeles River Center and Gardens is a well-known Los Angeles landmark and a local resource that is widely used by community leaders and residents. Local community-based organizations, public environmental organizations, including the North East Trees, Friends of the Los Angeles River, Los Angeles Conservation Corps, LA Works, Studio Arts and the National Park Service are housed at the Los Angeles River Center and Gardens.

Any improvements are important to maintaining the unique features of this treasured facility. I trust that you would give every consideration in allowing the legitimate use of Proposition 40 funds by the Los Angeles River Center and Gardens.

Sincerely,

A handwritten signature in black ink, reading "Gil Cedillo".

Gilbert A. Cedillo
State Senator, 22nd District

REVIEW OF STATE CONSERVANCY PROJECT PLANNING AND DEVELOPMENT GRANTS

(References are to agendas published for the dates as shown)

State Coastal Conservancy

March 2004 Agenda – 9 planning and/or project development grants

3. Consideration and possible Conservancy authorization to disburse (1) up to \$800,000 to the City of Laguna Beach for acquisition of the 36-acre Trinity property and the 34-acre Wainwright property located adjacent to the Laguna Coast Wilderness Park in Orange County, and (2) **up to \$100,000 to the Laguna Canyon Foundation for acquisition expenses associated with future projects.**

6. Consideration and possible Conservancy authorization to disburse up to \$200,000 to **GreenInfo Network to assist the Coastal Conservancy in developing data layers and maps using Geographic Information Systems** (GIS) tools, focused on coastal draining watersheds and priority coastal habitats, including wetland, riparian, and related coastal natural resources.

7. Consideration and possible Conservancy authorization to disburse up to \$400,000 to the Los Angeles County Department of Public Works to prepare a **preliminary design and conduct environmental review** for wetland creation along the Los Angeles River as recommended in the *DeForest Nature Center and Sixth Street Sites Wetland Feasibility Study* and the *Dominguez Gap Wetlands/Recreation Study*.

8. Consideration and possible Conservancy authorization to disburse up to \$300,000 to the Huntington Beach Wetlands Conservancy to **prepare a restoration plan** for the Huntington Beach Wetlands.

9. Consideration and possible Conservancy authorization to disburse up to \$3,000,000 of Conservancy funds, which will be reimbursed by the Wildlife Conservation Board, to undertake work associated with the South San Francisco Bay Salt Pond restoration planning effort.

14. Consideration and possible Conservancy authorization to disburse up to \$455,000 to the California Department of Parks and Recreation for **trail planning, environmental evaluation**, and minor trail construction in coastal Sonoma County.

15.
b. Authorization to disburse up to \$50,000 to the University of Southern California, Center for Sustainable Cities, to **develop a Green Vision Plan** for the coastal-draining watershed of greater Los Angeles in southern California, extending from the Santa Clara River to the San Gabriel River.

e. Authorization to disburse California Bay-Delta Authority grant funds to implement the **Marsh Creek public outreach program** in Contra Costa County, as follows: \$70,000 to the Contra Costa County Resource Conservation District and \$60,000 to the Delta Science Center.

g. Authorization to disburse up to \$100,000 to the Redwood Community Action Agency to **plan and design** a section of the Hammond Coastal Trail connecting the northern and southern segments of the trail between Letz Avenue and Murray Road in McKinleyville, County of Humboldt.

February 2004 Agenda – 6 planning and/or project development grants

10. Consideration and possible Conservancy authorization to disburse up to \$300,000 to the County of Santa Cruz to **conduct site studies and environmental analysis, and to prepare applications** to the State Water Resources Control Board for permits to appropriate water from streams on Coast Dairies property in Santa Cruz County for the irrigation of farmland.

11. Consideration and possible Conservancy authorization to disburse up to \$250,000 to the Center for Ecosystem Management and Restoration to prepare the Central and South Coast Fishery Habitat Inventory for use in the **development of strategic salmonid recovery projects** in the counties of Santa Cruz, Monterey, San Benito, San Luis Obispo, Santa Barbara, Ventura, Los Angeles, Orange, and San Diego.

12. Consideration and possible Conservancy action on the following Consent Items:

- a. a. Authorization to disburse up to \$75,000 to Greenbelt Alliance to **develop a regional plan and map for land conservation** in collaboration with Central Coast land trusts.
- b. b. Authorization to disburse up to \$300,000 of California Bay Delta Authority grant funds to the Natural Heritage Institute for restoration **planning activities** as part of the Dutch Slough Project in Contra Costa County.
- c. c. Authorization to disburse up to \$16,500 to Greenbelt Alliance to **undertake a feasibility study**, including a detailed scope of work and budget, for an upland habitat goals analysis for the San Francisco Bay Area.
- d. d. Authorization to redirect the balance of funds previously authorized to Coastal Land Trust in June 2001 to acquire an additional parcel at Seaside Beach (Seaside Meadow), to conduct **management planning and design** tasks for Seaside Beach and Meadow; Mendocino County.

December 2003 Agenda– 7 planning and/or project development grants

4. Consideration and possible Conservancy authorization to disburse up to \$300,000 to the Occidental Arts and Ecology Center **for preparation of the Salmon Creek Estuary Enhancement Plan**.

5. Consideration and possible Conservancy authorization to (1) accept a grant of \$357,146 from the California Bay Delta Authority Ecosystem Restoration Program to implement a **public outreach program** in the Marsh Creek watershed in Contra Costa County and to **conduct planning** for restoration of lower Marsh Creek in Oakley; and (2) disburse up to \$110,000 of the California Bay-Delta Authority funds to the Natural Heritage Institute to implement the Marsh Creek public outreach program and to **plan the restoration** of lower Marsh Creek.

9. Consideration and possible Conservancy authorization to enter into an interagency agreement and disburse up to \$400,000 to California State University Sacramento to lead **facilitation and public outreach** efforts for the South San Francisco Bay Salt Pond Restoration Project.

10. Consideration and possible Conservancy authorization to disburse two grants related to the restoration of the Laguna de Santa Rosa in Sonoma County as follows: 1) Disburse up to \$225,000 to the Laguna de Santa Rosa Foundation to prepare a **restoration management plan**. 2) Disburse up to \$225,000 to the Sonoma County Water Agency to conduct a Phase II sedimentation **study including design plans** and environmental documentation for one or more habitat restoration and flood control projects.

16. Consideration and possible Conservancy action on the following Consent Items:
 - b. Authorization of the following actions to implement the Santa Monica Bay Restoration Plan, approved by the Conservancy on August 2, 2001: 1) Authorization to disburse up to \$62,957 to the Los Angeles Conservation Corps to undertake the Redondo Beach Bluff Restoration Pilot Project; and 2) Authorization to disburse up to \$444,000 to the Las Virgenes Municipal Water District for **final planning and feasibility** for the Malibu Creek Recycled Water Line Extension Project.
 - c. Authorization to amend the Conservancy's January 24, 2002 authorization for disbursement of **planning funds** to the Bay Foundation of Morro Bay to authorize use of funds for preparation of conceptual designs, preliminary engineering plans, and cost estimates for future restoration activities.
 - e. Authorization to disburse up to \$100,000 to the City of El Cerrito to produce final construction documents and a maintenance and **management plan**

for restoration of Baxter Creek and a parallel multi-use trail; to complete environmental review and obtain permits for the construction; and to create educational signage for this public open space in the Cities of El Cerrito and Richmond, Contra Costa County.

October 2003 Agenda– 9 planning and/or project development grants

9. Consideration and possible Conservancy authorization to disburse up to \$300,000 to the **Planning and Conservation League Foundation to develop a program to restore** the resources of the Carmel River in conjunction with the removal or modification of the San Clemente Dam.

14. Consideration and possible Conservancy authorization to disburse up to \$200,000 to the Point Reyes Bird Observatory to refine and implement an avian **Habitat Conversion Model that will help guide decisions** on design of the South Bay Salt Pond Restoration Project, in Alameda, San Mateo, and Santa Clara Counties.

15. Consideration and possible Conservancy authorization to disburse up to \$300,000 to the Harmony Union School District for the creation of a "green" **magnet school** to include construction of a creek observation deck, a nursery, an outdoor classroom and a nature trail; preparation of a **design plan** for a community resource center, a trail feasibility study, a public access plan and a **forestry management plan**; and enhancement of a riparian corridor and a wetland area.

16. Consideration and possible Conservancy authorization to disburse up to \$713,000 for **project planning**, design, and implementation in the Navarro River watershed, Mendocino County, pursuant to the Navarro River Restoration Plan, adopted by the Conservancy on August 6, 1999.

17. Consideration and possible Conservancy action on the following Consent Items:

f. Authorization to disburse up to \$100,000 to the Humboldt Bay Harbor, Recreation and Conservation District to develop engineering **feasibility studies**, environmental documentation, and permit applications for the rehabilitation of the Shelter Cove breakwater facility.

Tahoe Conservancy

March 2004 Agenda – 7 grants that included planning and/or project development)

IX. Consideration and Possible Authorization of Grants, Including Up to \$5,216,000 for Site Improvements **and Planning**, and Up to \$1,754,000 for the Acquisition of Various Interests in Real Property, for the Implementation of Erosion Control Projects, As Shown in Attachments 1 and 2, Including the Following:

a. to the County of El Dorado

2. Christmas Valley Erosion Control Project (planning)

b. to the County of Placer

2. Lake Forest Erosion Control Project (planning)

3. West Sunnyside Erosion Control Project (planning)

4. Tahoe Pines Erosion Control Project (planning)

5. Tahoe Estates Erosion Control Project (planning)

c. to the City of South Lake Tahoe

2. Sierra Tract Erosion Control Project (planning and acquisition of various interests in real property)

3. East Pioneer Trail Erosion Control Project (planning)

December 2003 Agenda, 1 planning and/or project development grant

XI. Consideration and Possible Authorization to Expend Up to \$2,855,000 and to Undertake Related Actions Necessary for **Project Planning, Development, Review and Implementation**

March 2003 Agenda -1 grant for planning and/or project development grant

IX. Consideration and Possible Authorization of a Grant Augmentation of Up to \$80,000 to El Dorado County for **Planning Activities** for the Angora Creek Stream Environment Zone Restoration Project

May 2003 Agenda– 4 grants for planning and/or project development

XII. Consideration and Possible Authorization of Grants, Including Up to \$4,440,000 for Site Improvements and Planning, and Up to \$265,000 for the Acquisition of Various

Interests in Real Property, for the Implementation of Erosion Control Projects Shown in Attachments 2 and 3, Including the Following:

b. to the County of Placer

3. Kings Beach Commercial Core Water Quality Improvement Project (planning)
4. Tahoe Pines Erosion Control Project (planning)
Tahoe Estates Erosion Control Project (planning)

c. to the City of South Lake Tahoe

3. Sierra Tract Erosion Control Project (planning)
4. East Pioneer Trail Erosion Control Project (planning)

September 2003 – Up to \$2,198,500; 3 grants

XI. Consideration and Possible Authorization of a Grant of Up to \$600,000 to the City of South Lake Tahoe for **Planning Activities** For the Upper Truckee River-Airport Stream Environment Zone Restoration Project

XII. Consideration and Possible Authorization of a Grant of Up to \$45,000 to the Tahoe Rim Trail Association for **Planning Activities** for the Tahoe Rim Trail Ward Creek Bridge Crossing Project

XIII. Consideration and Possible Authorization of a Grant of Up to \$1,553,500, and the Allocation and Grant of Up to 10,335 Square Feet of Restoration Credit, to the Tahoe City Public Utility District for **Planning** and Site Improvement for Implementation of Phase IV, and for **Planning of Phases V, VI, and VII**, of the Lakeside Bike Trail Project

Coachella Valley Mountains Conservancy

July 2003 Agenda – 1 grant for planning and/or project development

4.3 Resolution 2003-10 approving a contract with the Coachella Valley Association of Governments for \$90,000 for FY 2003-04 for **preparation of the CV MSHCP [Multi-Species Habitat Conservation Plan]**.

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P.O. BOX 842849
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Assembly
California Legislature

FRAN PAVLEY
ASSEMBLY MEMBER, FORTY-FIRST DISTRICT

CHAIR, BUDGET SUBCOMMITTEE
ON RESOURCES (NO. 3)
COMMITTEE MEMBER:
APPROPRIATIONS
ARTS, ENTERTAINMENT, SPORTS,
TOURISM & INTERNET MEDIA
BUDGET
EDUCATION
TRANSPORTATION
WATER, PARKS AND WILDLIFE

Mr. Samuel P. Hull, CPA
Chief, Office of State Audits and Evaluations
Department of Finance
915 "L" Street
Sacramento, California 95814

Mountains Recreation and Conservation Authority Vital to Santa Monica Mountains
Protection Effort

Dear Mr. Hull:

I am intimately familiar with the extraordinary efforts to create and protect public parkland in the Santa Monica Mountains. I am a long time participant in those efforts, as private citizen, local elected official, member of the California Coastal Commission, member of the Santa Monica Mountains Conservancy Advisory Committee, and now as Member of the Assembly and a Legislative Participant on the Conservancy's Board. I am writing to testify to the vital role of the Mountains Recreation and Conservation Authority (MRCA) in acquiring and managing some of the most significant parklands and wildlife habitat in Southern California.

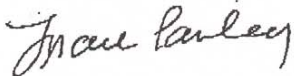
The creation of the MRCA in 1985 was a signal action taken by local government and the Conservancy that helped to both jump-start lagging Santa Monica Mountains area park preservation actions, and to take on park management and park improvement projects greatly needed by the Conservancy, State Parks, and the National Park Service.

I will not try to enumerate here the dozens of complicated acquisitions and myriad public benefit activities that only the MRCA could have successfully undertaken. However, I will single out the most recent and most significant: the remarkable acquisition of the former Ahmanson Ranch. That transaction could not have been accomplished without the involvement of the MRCA, and its efforts were lauded just last Saturday at the Conservancy's public dedication of the nearly 3000-acre property. I had the pleasure to attend, along with Resources Secretary Mike Chrisman, Senator Sheila Kuehl, Congressman Brad Sherman, Ventura County Supervisor Linda Parks, Los Angeles County Supervisor Zev Yaroslavsky, Los Angeles City Councilman Dennis Zine, and many other city council members, children, trail users, and citizens from throughout the region.

The Department of General Services and the Public Works Board required that the MRCA indemnify the State for all potential liability arising from the various obligations the Ahmanson Ranch acquisition before the Conservancy was approved to acquire the property. Additionally, the MRCA and Conservancy were required to enter into an "arms length" license agreement where the MRCA agreed to manage and maintain the property without any liability to the State.

I would be happy to provide other park experiences in my district for which the MRCA was the critical force, like Circle X Ranch, Paramount Ranch Phase II, Avatar/21000 Mulholland, Backbone Trail, and so on, but suffice to sum up that this remarkable non-state agency has provided a huge benefit to the people of California and I look forward to its continuing success as an active partner with the local, state, and federal agencies that are at the forefront of providing access to open space and preserving the threatened Mediterranean ecosystem of Southern California.

Sincerely,

A handwritten signature in cursive script, appearing to read "Fran Pavley".

Fran Pavley, Assemblymember
FP:lr

SANTA MONICA MOUNTAINS CONSERVANCY

LOS ANGELES RIVER CENTER AND GARDENS
570 WEST AVENUE TWENTY-SIX, SUITE 100
LOS ANGELES, CALIFORNIA 90065
PHONE (323) 221-8900
FAX (323) 221-9001



April 12, 2004

Mr. Jerome C. Daniel, Chairperson
Santa Monica Mountains Conservancy
5750 Ramirez Canyon Road
Malibu, California 90265

Review of Organizational and Procedural Changes

Dear Chairperson Daniel:

You have asked me to review the attached document entitled Organizational and Procedural Changes in light of the recommendation of the Department of Finance that the Conservancy improve its grant monitoring procedures and the concern of the Department of Finance regarding operational independence between the Conservancy and the Mountains Recreation and Conservation Authority.

The Organizational and Procedural Changes document provides for a comprehensive procedure for grant monitoring and administrative control in compliance with the provisions of The Fiscal Integrity and State Manager's Accountability Act of 1983. (Government Code Section 13400 *et seq.*)

The Organizational and Procedural Changes document also addresses the concerns of the Department of Finance regarding what Finance terms as "a lack of operational independence", but which in reality is only a perception of the lack of independence perceived by the Department of Finance arising out of the Conservancy's working relationship with the MRCA established by agreement pursuant to the Joint Exercise of Powers Act. The Organizational and Procedural Changes document has been drafted to eliminate that perception issue.

Sincerely,

A handwritten signature in blue ink that reads "Laurie C. Collins".

LAURIE C. COLLINS
Chief Staff Counsel

cc: Joseph T. Edmiston, FAICP, Executive Director
Conservancy Members